



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 100<sup>th</sup> CONGRESS, FIRST SESSION

## HOUSE OF REPRESENTATIVES—Thursday, October 1, 1987

The House met at 10 a.m.

Dr. Ronald F. Christian, assistant to the bishop, American Lutheran Church, Fairfax, VA, offered the following prayer:

O God, our Father, gracious Giver of all that we call our own, benevolent Ruler of everything we claim authority over.

Look kindly this day, we pray, upon the work of our hands and the deliberation of our minds.

Keep us, we pray, humble before Your power, patient in our troubles, joyful in our labors, forgiving in our relationships, and grateful for Your blessings.

Hear and grant our petition. Amen.

### THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. CALLAHAN. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. CALLAHAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will inform absent Members.

The vote was taken by electronic device, and there were—yeas 300, nays 95, not voting 39, as follows:

[Roll No. 339]

YEAS—300

Ackerman	Annunzio	Atkins
Akaka	Anthony	AuCoin
Alexander	Applegate	Baker
Anderson	Archer	Barnard
Andrews	Aspin	Bartlett

Bateman	Fish	Levin (MI)	Regula	Skaggs	Torres
Bates	Flake	Levine (CA)	Richardson	Skelton	Torricelli
Beilenson	Flippo	Lipinski	Rinaldo	Slattery	Towns
Bennett	Foglietta	Lowry (WA)	Ritter	Slaughter (NY)	Trafficant
Bereuter	Foley	Lujan	Robinson	Smith (FL)	Traxler
Berman	Ford (MI)	Lukens, Thomas	Rodino	Smith (IA)	Udall
Bevill	Ford (TN)	Lungren	Roe	Smith (NE)	Valentine
Billbray	Frank	MacKay	Rose	Smith (NJ)	Vander Jagt
Billiey	Garcia	Mannton	Roth	Smith, Denny	Vento
Boggs	Gaydos	Markey	Rowland (GA)	(OR)	Visclosky
Boland	Gejdenson	Martinez	Roybal	Snowe	Volkmer
Bonior (MI)	Gibbons	Mavroules	Russo	Solarz	Walgren
Bonker	Gillman	Mazzoli	Sabo	Spratt	Watkins
Borski	Glickman	McCloskey	Savage	St Germain	Weiss
Bosco	Gonzalez	McCollum	Sawyer	Staggers	Wheat
Boucher	Gordon	McCurdy	Scheuer	Stallings	Whitten
Boxer	Gradison	McDade	Schneider	Stark	Wilson
Brennan	Grandy	McEwen	Schuetz	Stenholm	Wise
Brooks	Grant	McMillan (NC)	Schulze	Stokes	Wolpe
Broomfield	Gray (PA)	McMillen (MD)	Schumer	Stratton	Wortley
Brown (CA)	Green	Meyers	Sharp	Studds	Wyden
Brown (CO)	Guarini	Mfume	Shaw	Swift	Wyllie
Bruce	Gunderson	Mica	Shays	Synar	Yates
Bryant	Hall (OH)	Michel	Shumway	Tallon	Yatron
Bustamante	Hall (TX)	Miller (CA)	Shuster	Taylor	
Byron	Hamilton	Miller (WA)	Sisisky	Thomas (GA)	
Campbell	Hammerschmidt	Mineta			
Cardin	Hansen	Moakley			
Carper	Harris	Mollohan	Armey	Herger	Roukema
Carr	Hatcher	Montgomery	Badnam	Hiler	Rowland (CT)
Chapman	Hawkins	Moody	Barton	Hopkins	Salki
Chappell	Hayes (IL)	Morella	Bilirakis	Houghton	Saxton
Clarke	Hayes (LA)	Morrison (CT)	Boehlert	Hunter	Schaefer
Clinger	Hefley	Morrison (WA)	Boulter	Inhofe	Schroeder
Coats	Hefner	Mrazek	Buechner	Ireland	Sensenbrenner
Coelho	Hertel	Murphy	Burton	Jacobs	Sikorski
Coleman (TX)	Hochbrueckner	Murtha	Callahan	Konnyu	Skeen
Collins	Holloway	Myers	Chandler	Lagomarsino	Slaughter (VA)
Combest	Horton	Nagle	Clay	Latta	Smith (TX)
Conte	Howard	Natcher	Coble	Leach (IA)	Smith, Robert
Cooper	Hoyer	Neal	Coleman (MO)	Lewis (FL)	(NH)
Coyne	Hubbard	Nelson	Coughlin	Lightfoot	Smith, Robert
Craig	Huckaby	Nielson	Courter	Lloyd	(OR)
Crockett	Hughes	Nowak	Crane	Lott	Solomon
Darden	Hutto	Oakar	Dannemeyer	Lukens, Donald	Stangeland
Daub	Hyde	Oberstar	Davis (IL)	Mack	Stump
Davis (MI)	Jeffords	Obey	DeLay	Madigan	Sundquist
DeFazio	Johnson (CT)	Olin	Dickinson	Marlenee	Swindall
Dellums	Johnson (SD)	Ortiz	DioGuardi	Martin (IL)	Tauke
Derrick	Jones (NC)	Owens (NY)	Dornan (CA)	Martin (NY)	Thomas (CA)
DeWine	Jones (TN)	Owens (UT)	Dreier	McCandless	Upton
Dicks	Jontz	Oxley	Edwards (OK)	McGrath	Vucanovich
Dingell	Kanjorski	Packard	Emerson	Miller (OH)	Walker
Donnelly	Kaptur	Parris	Fields	Moorhead	Weber
Dorgan (ND)	Kasich	Patterson	Frenzel	Pashayan	Weldon
Downey	Kastenmeier	Pease	Gallegly	Penny	Whittaker
Duncan	Kennedy	Pelosi	Gallo	Porter	Wolf
Durbin	Kennelly	Pepper	Gekas	Rhodes	Young (AK)
Dwyer	Kildee	Perkins	Gregg	Ridge	Young (FL)
Dymally	Kleczka	Petri	Hastert	Roberts	
Dyson	Kolter	Pickett	Henry	Rogers	
Eckart	Kostmayer	Pickle			
Edwards (CA)	LaFalce	Price (IL)			
Erdreich	Lancaster	Price (NC)			
Espy	Lantos	Pursell	Ballenger	Daniel	Frost
Evans	Leath (TX)	Quillen	Bentley	de la Garza	Gephardt
Fassell	Lehman (CA)	Rahall	Biaggi	Dixon	Gingrich
Fawell	Lehman (FL)	Rangel	Boner (TN)	Dowdy	Goodling
Fazio	Leland	Ravenel	Bunning	Early	Gray (IL)
Feighan	Lent	Ray	Cheney	English	Jenkins
			Conyers	Florio	Kemp

### NAYS—95

### NOT VOTING—39

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

Kolbe	Matsui	Rostenkowski
Kyl	McHugh	Spence
Lewis (CA)	Molinar	Sweeney
Lewis (GA)	Nichols	Tauzin
Livingston	Panetta	Waxman
Lowery (CA)	Roemer	Williams

□ 1015

So the Journal was approved.

The result of the vote was announced as above recorded.

#### SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mrs. Emery, one of his secretaries.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 2249. An act to change the title of employees designated by the Librarian of Congress for police duty and to make the rank structure and pay for such employees the same as the rank structure and pay for the Capitol Police.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 1417) entitled "An Act to Revise and Extend the Developmental Disabilities Assistance and Bill of Rights Act," with an amendment.

#### VETERANS' ADMINISTRATION HOME LOAN GUARANTEE PROGRAM

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1691) to provide interim extensions of collection of the Veterans' Administration housing loan fee and of the formula for determining whether, upon foreclosure, the Veterans' Administration shall acquire the property securing a guaranteed loan, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mr. KILDEE). Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1691

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding section 2512(c) of the Deficit Reduction Act of 1984 (Public Law 98-369), the provisions of section 1816(c) of title 38, United States Code, shall continue in effect through December 31, 1987.*

*(b) Notwithstanding subsection (c) of section 1829 of such title, fees shall be collected under such section with respect to loans*

*closed during the period beginning October 1, 1987, and ending December 31, 1987.*

#### AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. MONTGOMERY

Mr. MONTGOMERY. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. MONTGOMERY: Strike out all after the enacting clause and insert in lieu thereof the following:

#### SECTION 1. EXTENSIONS.

(a) FORMULA.—Notwithstanding section 2512(c) of the Deficit Reduction Act of 1984 (Public Law 98-369), the provisions of section 1816(c) of title 38, United States Code, shall continue in effect through November 15, 1987.

(b) FEES.—Notwithstanding subsection (c) of section 1829 of such title, fees may be collected under such section with respect to loans closed through November 15, 1987.

#### SEC. 2. SALE OF VENDEE LOANS.

Section 1816(d)(3) of title 38, United States Code, is amended to read as follows:

"(3) The Administrator may sell any note securing such a loan—

"(A) with recourse; or

"(B) without recourse but only if the amount received is equal to an amount which is not less than the unpaid balance of such loan."

Mr. MONTGOMERY (during the reading). Mr. Speaker, I ask unanimous consent the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

Mr. SOLOMON. Mr. Speaker, reserving the right to object, I will not object, but at this time I yield to the distinguished chairman of the Committee on Veterans' Affairs, the gentleman from Mississippi [Mr. MONTGOMERY], for an explanation.

Mr. MONTGOMERY. I thank the gentleman for yielding.

Mr. Speaker, on August 3, the House passed the Veterans' Housing Rehabilitation and Program Improvement Act of 1987, H.R. 2672. The bill includes a number of significant changes in the VA Loan Guaranty Program which are intended to make it operate more efficiently and at lower cost to the taxpayer. One provision of the bill would extend the expiring loan origination fee for 2 years, as well as the formula which determines how the VA handles lenders' claims on VA-guaranteed loans that have gone into default.

Since the loan origination fee expired at the close of business September 30, the Senate has passed and sent to the House a bill that would extend the fee for 90 days.

Our committee is very reluctant to agree to any extension of the fee unless other important housing reform measures contained in our bill are considered at the same time. The distinguished chairwoman of our Subcommittee on Housing and Memorial Affairs, MARCY KAPTUR, feels strongly

that these reforms are important to our Nation's veterans and should be considered as part of any housing legislation taken up by the Congress this year. I support her position.

In an attempt to be cooperative with the Senate, and with the approval of the gentlewoman from Ohio [Ms. KAPTUR], and the very able ranking minority member of the committee, Mr. SOLOMON, and the ranking minority member of the subcommittee, Mr. BURTON, we are proposing an amendment to the Senate measure that would extend the origination fee for 45 days. In addition, the amendment would require the VA to sell with recourse loans which it makes on the sale or acquired properties.

If the loan guaranty revolving fund is running short on cash, it makes no sense to sell loans without recourse at 50 percent of their face value. We need to get as much for these loans as we can, and the way to do that is to sell them with recourse. Thus, if the extension of the fee is going to be sent to the President, it is going to carry with it a commonsense provision to prohibit the sale of loans without recourse unless full value can be obtained. Otherwise, the fee imposed on the veteran for the privilege of getting a VA loan can expire.

I believe the other body will concur in the proposed House amendment to the Senate amendment. I would suggest to the other body that should the fee expire, it will be extremely difficult to get it reinstated in the House.

I urge the adoption of the proposed House amendment.

Again, I appreciate the gentleman from New York yielding to me.

Mr. SOLOMON. Mr. Speaker, continuing under my reservation of objection, I yield to the gentlewoman from Ohio [Ms. KAPTUR], the chairman of the Subcommittee on Housing and Memorial Affairs of the Committee on Veterans' Affairs.

Ms. KAPTUR. I thank the gentleman from New York for his courtesy.

Mr. Speaker, the bill which passed the House unanimously on August 3, H.R. 2672, offered the first really comprehensive look at the VA Home Loan Guaranty Program that Congress has taken since the program's inception over 40 years ago.

Our bill made significant improvements in our efforts to assist veterans in obtaining and keeping quality, affordable housing. I am particularly proud of the provisions which would help veterans save their homes should they experience financial difficulty by providing additional servicing and other mortgage foreclosure relief. In addition, the bill included important reforms which would help the program operate more effectively and still save the Government money. One interim provision of our bill extended

the 1-percent funding fee which home-buying veterans must pay for an interim period of 2 years to give us the time to identify ways to phase it out.

Mr. Speaker, although the veterans' housing bill has been before the Senate for 8 weeks, it has yet to act upon it or report a bill. In the meantime, because the funding fee is due to expire on September 30, the Senate has sent us S. 1691 which would extend this unpopular fee for another 90 days. In deciding whether to join the Senate in extending this provision, I must question whether this could mean that no further legislative activity would take place this year and that our major reform bill would not be acted upon by the other body.

Frankly, Mr. Speaker, there is very little support in our committee to extend this loan fee at all. I don't like this fee and certainly do not like extending it, except as a stopgap.

Nonetheless, in order to give the Senate more time to consider some of the major reform legislation that we have passed, of which the funding fee is but one small part, this amendment will allow it to be in effect for 45 more days. Hopefully, this will give the Senate ample opportunity to move on their other housing provisions and negotiate with us on the important reform measures contained in the House bill.

For us to consider this as a stopgap measure, I support the amendment to the Senate bill to require that VA loan portfolio sales continue to be made with recourse. The VA has been ordered by OMB to sell all of its loans without repurchase agreements effective October 1. Earlier this year, VA officials indicated that this change in policy would result in an average loss of 30 percent of the face value of loans sold from its portfolio. In the first "trial" sale without recourse—repurchase agreements—the VA received offers as low as 55 cents on the dollar, and in another instance the offer was 15 cents on the dollar. Although the VA did not accept these offers, the "fire sale" mentality reflected in the OMB guidelines poses a further threat to the long-range income of the VA Loan Program. If loans are to be sold without recourse, the amendment would require that they be sold at par. Therefore, if the Senate is willing to accept this provision as part of this agreement, I am willing to extend the fee. Without this provision, I am opposed to even a stopgap extension.

□ 1030

Mr. SOLOMON. Mr. Speaker, continuing my reservation of objection, I would like to thank the gentlewoman from Ohio [Ms. KAPTUR] as well as the gentleman from Mississippi [Mr. MONTGOMERY], the chairman of the Committee on Veterans' Affairs, for their leadership on this issue.

Mr. Speaker, I rise as ranking member of the Veterans' Affairs Committee in support of the amendment in the nature of a substitute to S. 1691, to temporarily extend authority for the 1-percent user's fee of the VA's Home Loan Guarantee Program. But I want to make it clear that I do not favor this user's fee which veterans must pay in order to receive the loan guarantee benefit. This amendment has my reluctant support only because authority for the user's fee expired at the end of yesterday, and the Loan Guarantee Program's financial situation will consequently rapidly deteriorate, at the rate of about \$20 million a month. We are placed in this position because the other body has failed to act timely on a House bill, H.R. 2672, which we passed on August 3, 1987.

The House bill was a bipartisan comprehensive reform of the Loan Guarantee Program and included the 1-percent user's fee. Instead, the other body, which has not yet even reported a housing bill, has sent us a stop-gap measure to extend the fee authority for 90 days, but it does nothing else. Thus, we are being forced by the other body's inaction to take money out of veterans' pockets without a plan to improve the Loan Guarantee Program for them.

Mr. Speaker, I don't like this one bit, and I know my chairman, SONNY MONTGOMERY, the Housing and Memorial Affairs Subcommittee's chairwoman, MARCY KAPTUR, and the subcommittee's ranking member, DAN BURTON, don't like this either. However, the alternative is to let the VA's Home Loan Guarantee Program fall into a financial mess that will only add to the budgetary woes already afflicting the Federal Government.

In addition to our proposed 45-day extension of the user fee authority, the amendment would contain a provision to allow the VA to sell notes securing loans with recourse, or without recourse under one circumstance, as so ably explained by my colleagues across the aisle.

At least, with the extension of the user's fee authority, the additional provision would do something to help the financial operation of the Loan Guarantee Program, and it would tell the other body in plain terms that the House is serious about improving the Loan Guarantee Program for veterans. We do not want to simply keep imposing on veterans a fee we never favored to begin with. Hopefully, we can find an alternative to this odious user's fee, and the sooner the better.

Mr. Speaker, in order to maintain the financial integrity of the VA's Loan Guarantee Program, I urge favorable consideration by this body of the amendment in the nature of a substitute to S. 1691.

Mr. Speaker, I understand that we are going to send this 45-day amend-

ment over to the Senate. The Senate then is going to take part of our housing bill, tack it onto this bill and send it back over here. We then are going to make corrections and send it back over there.

This to me makes absolutely no sense. It is a waste of time. I just want to know what has happened to all the veterans' bills including the beneficiary travel bill, that we sent over almost 2 months ago? What are they doing over in the other house? Where are the veterans' bills? Let them act on them and do what they are supposed to do responsibly, not irresponsibly.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. Mr. Speaker, I am happy to yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Speaker, I would like to know what happened to our bills, too. I would like to point out to our colleagues in the House, we did our work for the veterans. We sent this legislation over to the Senate 2 months ago. We still have not heard from any of those bills.

I would say to the gentleman from New York [Mr. SOLOMON] that he makes a good point, what happened?

Mr. SOLOMON. Mr. Speaker, further reserving the right to object, I would say to the gentleman from Mississippi [Mr. MONTGOMERY] that he has done an excellent job in getting all of our legislation through right from the very beginning of this 100th Congress. We worked day in and day out. We finished our work 2 months ago. Let us get on with it, Senate, let us get something done for the veterans of this Nation.

I reluctantly support this amendment and urge everyone else to do the same.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. KILDEE). Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER pro tempore. The question is on the amendment in the nature of a substitute offered by the gentleman from Mississippi [Mr. MONTGOMERY].

The amendment in the nature of a substitute was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

TITLE AMENDMENT OFFERED BY MR. MONTGOMERY

Mr. MONTGOMERY. Mr. Speaker, I offer an amendment to the title.

The Clerk read as follows:

Title amendment offered by Mr. MONTGOMERY: Amend the title so as to read: "An Act to provide interim extensions of collection of the Veterans' Administration hous-

ing loan fee and of the formula for determining whether, upon foreclosure, the Veterans' Administration shall acquire the property securing a guaranteed loan, and for other purposes."

The title amendment was agreed to. A motion to reconsider was laid on the table.

#### PERMISSION FOR COMMITTEE ON THE JUDICIARY TO HAVE UNTIL 6 P.M., FRIDAY, OCTOBER 2, 1987, TO FILE SUNDRY REPORTS

Mr. BRYANT. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until 6 p.m. on Friday, October 2, 1987, to file reports on the following bills:

H. Res. 274. Resolution providing for the release of certain materials relating to the inquiry into the conduct of U.S. district judge Alcee L. Hastings;

H.R. 3307. An act cited as the Sentencing Guidelines Transition Act of 1987; and

H.R. 3258. An act to amend chapter 13 of title 18, United States Code, to impose criminal penalties for damage to religious property and for obstruction of persons in the free exercise of religious beliefs.

The minority has been consulted with respect to this unanimous-consent request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### PROVIDING FOR CONSIDERATION OF H.R. 2310, AIRPORT AND AIRWAY IMPROVEMENT AMENDMENTS OF 1987

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 278 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

##### H. RES. 278

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2310) to amend the Airport and Airway Improvement Act of 1982 for the purpose of extending the authorization of appropriations for airport and airway improvements, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and which shall not exceed two and one-half hours, with sixty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works and Transportation, with thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science, Space, and Technology, and with sixty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered for amendment under the five-minute rule. In lieu of the amendments now printed in the

bill, it shall be in order to consider an amendment in the nature of a substitute consisting of the text of the bill (H.R. 3350) as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered for amendment by titles instead of by sections and each title shall be considered as having been read, and all points of order against said substitute for failure to comply with the provisions of section 311(a) of the Congressional Budget Act of 1974, as amended (Public Law 93-344, as amended by Public Law 99-177), and with clause 7 of rule XVI and clause 5 of rule XXI are hereby waived. No amendment to title II of said substitute shall be in order except pro forma amendments offered for the purpose of debate. Following the conclusion of consideration of title II, no further amendment to said substitute shall be in order, except the amendments printed in the report of the Committee on Rules accompanying this resolution, by and if offered by, the Member designated, to be debatable for the time specified and not subject to amendment or to a demand for a division of question in the House or in the Committee of the Whole, and all points of order against said amendments are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text by this resolution. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Tennessee [Mr. QUILLEN], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 278 is a modified open rule providing for the consideration of H.R. 2310, the Airport and Airway Improvement Amendments of 1987. In order to save the time of the Members of the House I will not describe the rule in detail. Instead, I will describe how this rule differs from House Resolution 275, the earlier rule on H.R. 2310 which the House defeated yesterday.

This rule is identical to House Resolution 275 except that it makes in order to the amendment in the nature of a substitute consisting of the text of H.R. 3350 two amendments printed in the report accompanying this resolution: An amendment by Mr. HAMMERSCHMIDT dealing with essential air service to small communities and an amendment by Mr. HOWARD to take the airport and airway trust fund off-budget and exempt trust fund expenditures from any Gramm-Rudman-Hollings sequestration. These amendments, which would create new titles of the bill, are in order after consider-

ation of title II of the bill. The amendments are not subject to amendment or a demand for a division of the question. All points of order against consideration of the amendments are waived. The Hammerschmidt amendment will be debated under the 5-minute rule. Debate on the Howard amendment will be limited to 1 hour, with the time equally divided and controlled by Mr. HOWARD and an opponent of the amendment.

Mr. SPEAKER, I am sure that everyone here is aware of the situation with this rule. The Rules Committee had reported a rule for this bill which did not grant waivers to allow the Hammerschmidt and Howard amendments to be offered. The House yesterday made clear its desire to consider these amendments and the Rules Committee has acquiesced and reported this rule making those amendments in order.

Mr. Speaker, I urge Members to vote for this rule so that we can move ahead with consideration of this important legislation to fund airport and airway development.

##### COMPLETE DESCRIPTION OF HOUSE RESOLUTION 278

House Resolution 278 is a modified open rule providing for the consideration of H.R. 2310, the Airport and Airway Improvement Amendments of 1987. The rule provides for 2½ hours of general debate: 60 minutes for the Committee on Public Works and Transportation; 30 minutes for the Committee on Science, Space, and Technology; and 60 minutes for the Committee on Ways and Means. Of course, the time for each of those committees will be equally divided and controlled by the chairman and ranking minority member of the committee.

The rule makes in order the text of H.R. 3350 as an amendment in the nature of a substitute to be considered as original text. H.R. 3350 merely incorporates the committee amendments reported by the three committees of jurisdiction.

The rule provides that the amendment in the nature of a substitute shall be considered by titles, with each title considered as having been read. The rule waives clause 7 of rule XVI and clause 5 of rule XXI against consideration of the substitute. Clause 7 of rule XVI prohibits nongermane amendments and clause 5 of rule XXI prohibits appropriations in an authorization bill or revenue provision in a bill not reported by a committee with jurisdiction over revenue matters. This waiver is necessary because the substitute includes the revenue title reported by the Ways and Means Committee providing funding for the airport and airway trust fund, and the bill as introduced did not include any revenue provisions and was not formally re-

ferred to or reported by the Ways and Means Committee. The rule also waives section 311(a) of the Budget Act against consideration of the substitute. Section 311(a) prohibits consideration of legislation which would cause the new budget authority or outlay ceiling set by the budget resolution to be exceeded or the revenue floor to be breached. This waiver is necessary because the Ways and Means revenue title exempts emergency medical helicopters of nonprofit health care facilities from all applicable airport and airway excise taxes, thus reducing fiscal year 1988 revenues by a small amount.

The rule provides that no amendments to title II of the substitute—the revenue title—are in order except pro forma amendments for the purpose of debate, and that following the conclusion of the consideration of title II, no further amendments are in order to the substitute except two amendments printed in the report—H. Rept. 100-325—accompanying this resolution: An amendment by Mr. HAMMERSCHMIDT dealing with essential air service to small communities and an amendment by Mr. HOWARD to take the airport and airway trust fund off-budget and exempt trust fund expenditures from any Gramm-Rudman-Hollings sequestration. These amendments, which would create new titles of the bill, are in order after consideration of title II of the bill. The amendments are not subject to amendment or a demand for a division of the question. All points of order against consideration of the amendments are waived. The Hammerschmidt amendment will be debated under the 5-minute rule. Debate on the Howard amendment will be limited to 1 hour, with the time equally divided and controlled by Mr. HOWARD and an opponent of the amendment.

Finally, the rule provides one motion to recommit, with or without instructions.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

There is no need to repeat yesterday's debate. This rule does permit Mr. HOWARD to offer his amendment removing the aviation trust fund from the unified budget. The Howard amendment should be adopted. The rule also permits Mr. HAMMERSCHMIDT to offer his amendment extending the essential air service program for smaller communities for 10 years. Likewise, this is a good amendment and it should be adopted.

The House did the right thing yesterday by rejecting the rule. Both the Howard and Hammerschmidt amendments deal with important matters which should be debated and voted on by the Members here on the floor. Both amendments should be approved today.

Mr. Speaker, I ask for a "yes" vote on the rule, a "yes" vote on both the

Howard and Hammerschmidt amendments, and a "yes" vote on this important bill.

Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, this gentleman understands that there was a good deal of controversy over specific issues yesterday with regard to the rule, and there were a number of reasons for voting against the rule.

I personally voted against the rule, first because it was a closed rule and second because it waived the Budget Act.

This rule is no different. It is still a closed rule, and it still waives the Budget Act. Let me point out that the Budget Act waiver is not a minor waiver. It is in fact that section of the Budget Act which prohibits us from considering any kind of measure that would cause new budget authority or outlay ceilings to be breached.

So, therefore, we have a very significant budget waiver here. We are talking about a real budget buster. I would simply say to my colleagues that if my colleagues are concerned about the Budget Act, concerned about maintaining budget standards, concerned about breaching the budget, do not vote for this rule. If my colleagues also believe that we ought to debate these kinds of pieces of legislation under open rules rather than under closed rules, we ought to also be among those who vote against this rule.

I intend to ask for a vote on this rule.

Mr. TRAXLER. Mr. Speaker, will the gentleman yield?

Mr. WALKER. Mr. Speaker, I yield to the gentleman from Michigan.

Mr. TRAXLER. Mr. Speaker, there is another disturbing aspect to what this procedure will do. If I understand correctly, and I am sure proponents of the measure will explain this if I do not understand this correctly, that if we take this off budget, in a sense we have instantly increased the deficit and, therefore, we have a greater deficit amount to make up under the provisions of the Gramm-Rudman provisions and matters which concern many of us in the House such as education, health care, NASA, and, therefore, when sequestration occurs there will be larger amounts sequestered.

Mr. WALKER. And I am part of many of us.

□ 1045

Mr. TRAXLER. I know the gentleman has great concern on several of those items. When sequestration hits, if it does, if the Congress and the President are unable to agree upon a funding measure, or in the alternative on appropriate cuts, it means sequestration is automatic and takes place.

What the gentleman has done, and if I am wrong, I know the gentleman

will tell me if the gentleman knows, what the gentleman has done, therefore, is a disproportionate amount of the reductions will then again fall on a narrow range of programs which are very vital, I might add, to Members of this House and to the people of the United States.

This is a bad concept which is going to come back to haunt the proponents of this measure.

Mr. WALKER. I thank the gentleman, and the gentleman is absolutely correct.

I would say to the gentleman, I would not hesitate to move some of these items off-budget where we are dealing with capital improvements, if we structure a capital budget for this country versus an operating budget, and would go to a process that makes more sense.

I do not think we ought to do it under this process.

Mr. DERRICK. Mr. Speaker, I yield myself such time as I may consume.

I would simply say that, of course, passage of this rule does not mean that we are going to pass the Howard amendment. That has yet to be voted on.

Mr. QUILLEN. Mr. Speaker, I yield back the balance of my time.

Mr. DERRICK. Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. KILDEE). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 368, nays 42, not voting 24, as follows:

[Roll No. 340]

YEAS—368

Ackerman	Bennett	Brown (CA)
Akaka	Bereuter	Brown (CO)
Anderson	Berman	Bruce
Andrews	Bevill	Bryant
Annunzio	Blibray	Buechner
Anthony	Bliley	Bunning
Applegate	Boehlert	Bustamante
Archer	Boggs	Byron
Armey	Boland	Callahan
Aspin	Bonior (MI)	Campbell
Atkins	Bonker	Cardin
AuCoin	Borski	Carper
Badham	Bosco	Chandler
Baker	Boucher	Chapman
Ballenger	Boulter	Chappell
Barnard	Boxer	Clarke
Bartlett	Brennan	Clay
Bateman	Brooks	Clinger
Bates	Broomfield	Coats

Coble  
Coelho  
Coleman (MO)  
Coleman (TX)  
Collins  
Conyers  
Cooper  
Courter  
Coyne  
Crockett  
Darden  
Davis (IL)  
Davis (MI)  
de la Garza  
DeFazio  
Dellums  
Derrick  
DeWine  
Dicks  
Dingell  
DioGuardi  
Dixon  
Donnelly  
Dorgan (ND)  
Downey  
Duncan  
Durbin  
Dwyer  
Dymally  
Dyson  
Eckart  
Edwards (CA)  
Edwards (OK)  
Emerson  
English  
Erdreich  
Espy  
Evans  
Fascell  
Fawell  
Fazio  
Feighan  
Fields  
Fish  
Flake  
Flippo  
Florio  
Foglietta  
Foley  
Ford (MI)  
Ford (TN)  
Frank  
Frost  
Gallegly  
Gallo  
Garcia  
Gaydos  
Gejdenson  
Gibbons  
Gilman  
Gingrich  
Glickman  
Gonzalez  
Gordon  
Gradison  
Grandy  
Grant  
Gray (PA)  
Green  
Gregg  
Guarini  
Gunderson  
Hall (OH)  
Hall (TX)  
Hamilton  
Hammerschmidt  
Harris  
Hastert  
Hatcher  
Hawkins  
Hayes (IL)  
Hayes (LA)  
Hefner  
Henry  
Herger  
Hertel  
Hiler  
Hochbrueckner  
Hopkins  
Horton  
Houghton  
Howard  
Hoyer  
Hubbard  
Huckaby  
Hughes

Hunter  
Hutto  
Hyde  
Inhofe  
Ireland  
Jacobs  
Jenkins  
Johnson (CT)  
Johnson (SD)  
Jones (NC)  
Jones (TN)  
Jontz  
Kanjorski  
Kaptur  
Kasich  
Kastenmeier  
Kennedy  
Kennelly  
Kildee  
Klecza  
Kolbe  
Kolter  
Konnyu  
Kostmayer  
Kyl  
LaFalce  
Lancaster  
Lantos  
Latta  
Leach (IA)  
Leath (TX)  
Lehman (CA)  
Lehman (FL)  
Leland  
Lent  
Levin (MI)  
Levine (CA)  
Lightfoot  
Lipinski  
Lloyd  
Lott  
Lowery (CA)  
Lujan  
Luken, Thomas  
MacKay  
Madigan  
Manton  
Markey  
Marlenee  
Martin (IL)  
Martin (NY)  
Martinez  
Matsui  
Mavroules  
Mazzoli  
McCandless  
McCloskey  
McCollum  
McCurdy  
McDade  
McEwen  
McGrath  
McMillan (NC)  
McMillen (MD)  
Meyers  
Mfume  
Mica  
Michel  
Miller (CA)  
Miller (OH)  
Miller (WA)  
Mineta  
Moakley  
Mollohan  
Montgomery  
Moody  
Moorhead  
Morella  
Morrison (CT)  
Morrison (WA)  
Mrazek  
Murphy  
Myers  
Nagle  
Natcher  
Neal  
Nelson  
Nielsen  
Nowak  
Oakar  
Oberstar  
Olin  
Ortiz  
Owens (NY)  
Owens (UT)  
Oxley

Packard  
Panetta  
Parris  
Pashayan  
Patterson  
Pease  
Pelosi  
Pepper  
Perkins  
Petri  
Pickett  
Pickle  
Price (IL)  
Price (NC)  
Pursell  
Quillen  
Rahall  
Rangel  
Ravenel  
Ray  
Rhodes  
Richardson  
Ridge  
Rinaldo  
Ritter  
Roberts  
Robinson  
Rodino  
Roe  
Rogers  
Rose  
Rostenkowski  
Roth  
Roukema  
Rowland (CT)  
Rowland (GA)  
Roybal  
Savage  
Sawyer  
Saxton  
Scheuer  
Schneider  
Schroeder  
Schuette  
Schulze  
Schumer  
Sharp  
Shaw  
Shays  
Shumway  
Shuster  
Sikorski  
Sisisky  
Skaggs  
Skeen  
Skelton  
Slattery  
Slaughter (NY)  
Slaughter (VA)  
Smith (FL)  
Smith (IA)  
Smith (NE)  
Smith (NJ)  
Smith, Denny  
(OR)  
Snowe  
Solarz  
Solomon  
Spratt  
St Germain  
Staggers  
Stallings  
Stangeland  
Stark  
Stenholm  
Stokes  
Stratton  
Studds  
Sunderquist  
Sweeney  
Swift  
Swindall  
Synar  
Tallon  
Tauke  
Taylor  
Thomas (CA)  
Thomas (GA)  
Torres  
Torrice  
Towns  
Traficant  
Traxler  
Udall  
Upton

Valentine  
Vander Jagt  
Vento  
Visclosky  
Volkmere  
Walgren  
Watkins  
Waxman

Weber  
Weiss  
Weldon  
Wheat  
Whittaker  
Whitten  
Wilson  
Wise

Wolf  
Wolpe  
Wortley  
Wyden  
Wyllie  
Yates  
Yatron  
Young (AK)

## NAYS—42

Barton  
Bellenson  
Billirakis  
Burton  
Carr  
Combust  
Conte  
Coughlin  
Craig  
Crane  
Dannemeyer  
Daub  
DeLay  
Dickinson  
Dornan (CA)

Dreier  
Gekas  
Hansen  
Hefley  
Holloway  
Jeffords  
Lagomarsino  
Lewis (CA)  
Lewis (FL)  
Lowry (WA)  
Lukens, Donald  
Lungren  
Mack  
Obey  
Penny

Porter  
Regula  
Sabo  
Salki  
Schaefer  
Sensenbrenner  
Smith (TX)  
Smith, Robert  
(NH)  
Smith, Robert  
(OR)  
Stump  
Walker  
Young (FL)

## NOT VOTING—24

Alexander  
Bentley  
Blaggi  
Boner (TN)  
Cheney  
Daniel  
Dowdy  
Early

Frenzel  
Gephardt  
Goodling  
Gray (IL)  
Kemp  
Lewis (GA)  
Livingston  
McHugh

Molinari  
Murtha  
Nichols  
Roemer  
Spence  
Tauzin  
Vucanovich  
Williams

## □ 1100

Mr. MACK changed his vote from "yes" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

# DEFERRALS OF BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 100-107)

The SPEAKER pro tempore (Mr. KILDEE) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

(For message, see proceedings of the Senate of today, Thursday, October 1, 1987.)

# ANNUAL REPORT REQUIRED BY SOIL AND WATER RESOURCES CONSERVATION ACT OF 1977—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Agriculture:

(For message, see proceedings of the Senate of today, Thursday, October 1, 1987.)

# AIRPORT AND AIRWAY IMPROVEMENT AMENDMENTS OF 1987

The SPEAKER pro tempore. Pursuant to House Resolution 278, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2310.

## □ 1108

## IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2310) to amend the Airport and Airway Improvement Act of 1982 for the purpose of extending the authorization of appropriations for airport and airway improvements, and for other purposes, with Mr. PANETTA in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from New Jersey [Mr. HOWARD] will be recognized for 30 minutes, the gentleman from Arkansas [Mr. HAMMERSCHMIDT] will be recognized for 30 minutes, the gentleman from New Jersey [Mr. ROEL] will be recognized for 15 minutes, the gentleman from New Mexico [Mr. LUJAN] will be recognized for 15 minutes, the gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 30 minutes, and the gentleman from Tennessee [Mr. DUNCAN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, H.R. 2310, the Airport and Airway Improvement Amendments of 1987, is an important bill for the traveling public in this Nation. It provides the basic support through financing mechanisms and the spending authorization for the Nation's aviation system for the next 5 years.

The Subcommittee on Aviation, led by Chairman NORMAN MINETA and ranking Republican member NEWT GINGRICH, has done an excellent job in developing this legislation. Our ranking Republican on the full Committee on Public Works and Transportation, JOHN PAUL HAMMERSCHMIDT, also deserves credit for his efforts.

In 1978, almost 10 years ago, we deregulated the aviation system from an economic and competitive standpoint only. Deregulation permitted the growth of a system that would provide more service to a greater number of passengers at lower costs.

There have been disruptions and dislocations—no one can argue about that. However, there has been a virtual explosion in air travel in this

Nation. The number of annual passengers has increased from 275 million in 1978 to 450 million this year with 500 million projected for 1990.

To meet the demands caused by this growth in passenger traffic, we raised the taxes on the aviation industry and the traveling public in 1982 to pay for expansion and modernization of the airline system. That authorization expires today. The legislation before you today would extend the authorization for an expanded and upgraded aviation program for an additional 5 years.

H.R. 2310 authorizes \$28.5 billion, all derived from dedicated aviation taxes, for the development of the aviation system. Under the bill, \$8.6 billion is authorized for airport expansion and safety projects as part of the airport improvement program, \$9.3 billion is authorized for modernizing the facilities and equipment of the air traffic control system, and \$9.5 billion is authorized for the operations and maintenance of the aviation system.

We have an aviation system with projections of huge increases in passenger traffic, a 21-percent increase in flight delays in the last 2 years and mounting near mid-air collision statistics. The trust fund that is fully funded by the users—or beneficiaries—of the aviation system. The trust fund receives its revenues from an 8-percent tax on passenger tickets. A general aviation fuel tax and other aviation taxes.

I want to assure my colleagues that this bill is one part of a two-track effort to deal with the increasing frustrations of the aviation system. The funding authorized in this bill will improve airport capacity and upgrade the air traffic control system. These improvements will increase the capacity and reliability of the entire system allowing an increase in air traffic and a reduction in delays.

The committee has also reported the Airline Passenger Protection Act of 1987 which will provide basic consumer information and protections to airline passengers. We expect to bring that bill to the floor shortly, possibly within the next week.

With these two bills, we expect to see improvement in the performance of the airline system that has caused so much inconvenience to so many passengers this year. It is up to us to take the action that will make the system work gain.

The Airport and Airway Improvement Amendments of 1987 deserve the support of this body. We are collecting money for the airport and airway trust fund—there are no general revenues involved in this 5-year authorization. I urge strong support for H.R. 2310.

Mr. Chairman, as Members know, there will be an amendment offered near the end of consideration on this bill in relation to the trust fund, \$5.6 billion, which is not being spent be-

cause it is on budget, and the amendment to be offered will take it off budget. We do have 1 hour allocated under the rule for debate on that, and for that reason we are not going into it at this time in the hopes that we will be able to handle this bill as expeditiously as possible, and thereby be able to complete the bill at a reasonable hour today.

Mr. Chairman, I reserve the balance of my time.

Mr. HAMMERSCHMIDT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this bill is perhaps the most important piece of aviation legislation that will come out of our committee during this session. It will reauthorize the FAA's trust fund programs for another 5 years.

This bill has the potential to be an important step in our effort to relieve congestion, reduce delays, and improve airline safety and service. It authorizes enough money to proceed with the National Airspace System [NAS] plan. The NAS plan is the long-term modernization effort to purchase new computers and navigation equipment. In addition, this bill authorizes \$1.7 billion per year for airport improvements. The increased authorization for both the NAS plan and airport improvements could help our aviation system meet the explosive growth in passenger traffic that we have seen over the last few years.

I emphasize the words "could help our aviation system." Whether it will or not depends largely on whether actual appropriations match the authorized levels. And this, in turn, will depend on whether we decide to take the aviation trust fund off-budget. Unless the aviation trust fund is taken off-budget, there is no assurance that the authorized funds will actually be spent to improve the aviation system. Taking the trust fund off-budget will remove the incentive to hold down trust fund spending in order to make the deficit look smaller.

It is unfortunate that the trust fund issue has been portrayed as a budget issue. It is really more than that. It's a safety issue. It's also a passenger service issue. Many of the problems aviation is experiencing today can be traced to the lack of funding. People tend to blame deregulation or the airlines for these problems. But the lack of funding for the aviation infrastructure is also responsible. Unless we take this trust fund off-budget, congestion and delays at our Nation's airports will increase and the trust fund surplus will, according to GAO, approach \$13 billion by the early nineties.

In addition to the authorized funding levels, this bill contains other important provisions.

It sets aside 10 percent of the AIP funds for noise abatement and another 10 percent for reliever airports.

It sets aside 12 percent of AIP funds for general aviation airports and another 5.5 percent for other small airports.

It sets aside some F&E funds to purchase additional instrument landing systems [ILS].

It creates a discretionary fund that emphasizes the need to increase safety, capacity, and security.

It prohibits the FAA from closing flight service stations unless service in the area will be provided by an automated station using modern equipment.

It discourages the imposition of capacity controls at additional airports.

I believe all these changes are improvements over existing law. Mr. MINETA, the chairman of the Aviation Subcommittee, and Mr. GINGRICH, the ranking Republican member, are to be congratulated for their fine efforts in putting together this bill and, of course, a great deal of credit needs to be given to Mr. HOWARD, chairman of the full Committee on Public Works and Transportation for bringing this fine piece of legislation to the floor. I urge my colleagues to support it.

Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota [Mr. STANGELAND].

□ 1115

Mr. STANGELAND. Mr. Chairman, I rise in strong support of H.R. 2310, the Airport and Airway Improvement Amendments of 1987. This legislation, when combined with new provisions on the essential Air Service Program, will offer stability and hope for the Nation's current aviation system.

First, let me commend Chairman JAMES HOWARD and ranking minority member JOHN PAUL HAMMERSCHMIDT of the Public Works and Transportation Committee as well as Chairman NORM MINETA and ranking minority member NEWT GINGRICH of the Aviation Subcommittee for their leadership and bipartisan cooperation. For the last 9 months, the committee has received volumes of testimony and comments on trust fund reauthorization, program reform, extended essential air service and other crucial aviation issues. H.R. 2310 is a worthy compromise that reflects the good judgment of the committee leadership.

Mr. Chairman, H.R. 2310 is a long-term, capital investment in the Nation's Airport Development Program. This \$28.5 billion, 5-year reauthorization bill will expand airport capacity and improve air safety. By spending the money in the airport trust fund, we can provide a long term solution to the growing concerns about safety, delays and poor passenger service. This capital development bill will ensure our continued progress and help to solve the increasing traffic demands created by deregulation.

I am particularly pleased to see H.R. 2310 contains two provisions I included as amendments during full committee markup. The two amendments, contained in sections 3 and 7 of the bill, will guarantee increased funding for small airports and allow greater opportunity for

all airports to develop their terminals. With these provisions, H.R. 2310 will help to put smaller airports on equal footing with others.

My amendment in section 3 expands the number of airports entitled to receive \$300,000 of guaranteed funding each year without expanding the amount of funding or affecting the funding for other airports. In other words, it spreads out the entitlements among a larger group of airports.

Technically, the provision revises the definition of "primary" airports to include airports enplaning more than 18,000 passengers per year. This means an additional 80 to 90 non-hub commercial service airports would receive AIP entitlement funds.

Current law requires approximately 41,000 enplanements before an airport is eligible for entitlements. Before 1982, these 80 to 90 airports, as well as airports with enplanements between 2,500 and 18,000 enplanements, all received the minimum entitlement. So this provision returns the busiest airports to the status they enjoyed between 1970 and 1982.

My other amendment, in section 7 of the bill, provides funds for developing airport terminals. Specifically, it allows the Secretary to remove current percentage and Federal cost-sharing restrictions so that terminal projects receive the same treatment as all other eligible projects.

Current law discriminates against terminal projects by requiring 50/50 percent (Federal/non-Federal) cost-sharing while other projects have 75/25 and 90/10 percent cost sharing. The law also prohibits an airport from using more than 60 percent of its entitlement funds on terminal development. This type of use restriction does not apply to other kinds of projects. The result is that airports, particularly small ones, are restricted from doing needed terminal work.

This provision gives airport sponsors the flexibility they need to plan for terminal and capacity enhancement. The provision, however, does not mean airports will be able to pick terminal development over safety. Sponsors will continue to certify that they have completed all safety related projects before they can use Federal money for terminal projects.

Mr. Chairman, H.R. 2310 is timely, crucial legislation. I urge each of my colleagues to support it.

Mr. HAMMERSCHMIDT. Mr. Chairman, I have no further requests for time and I reserve the balance of my time.

Mr. HOWARD. Mr. Chairman, I yield 3 minutes to the distinguished chairman of our Subcommittee on Surface Transportation and the author of the airline deregulation bill several years ago, the gentleman from California [Mr. ANDERSON].

Mr. ANDERSON. I thank the gentleman for yielding time to me.

Mr. Chairman, the time has come to face the reality of the problems confronting the aviation industry and our Federal budget. We can no longer afford to withhold the use of much needed funds in the aviation trust fund simply to give the budget deficit a cosmetic improvement. By maintaining a surplus in the aviation trust

fund, Congress has been penalizing both the industry and more importantly the people, who have paid for far greater service than they are receiving. For our efforts, we have made no long-term progress toward reducing the deficit figure.

Today, the House is considering H.R. 2310, a bill designed to fund the Nation's aviation system for the next 4 years. This legislation authorizes funding for greatly needed improvements in airport facilities and safety systems. If appropriated, these authorizations would reduce the level of the trust fund surplus from \$5.6 billion at the end of fiscal year 1987 to \$1.3 billion in fiscal year 1992. Because these funds are already designated for aviation development programs, their appropriation cannot add to the Federal deficit.

These appropriations are essential, but alone they are not enough to insure that in the future the aviation industry and the public will not be deprived of the system they have paid for and deserve. In order to permanently guarantee the rights and safety of all flyers, it is absolutely necessary that Congress act now to remove the aviation trust fund from the congressional budget. The amendment being offered by my esteemed colleague, Mr. HOWARD, would accomplish this essential step. Let us not focus our attention on creating a budget picture that "looks good" on the surface, but let us rather face the deficit problem more realistically, while we also take an important step toward making our aviation system safe for the long term.

Mr. HOWARD. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. RAHALL].

Mr. RAHALL. I thank the distinguished chairman for yielding time to me.

Mr. Chairman, I rise in strong support of H.R. 2310, the Airport and Airway Improvement Amendments of 1987. I would like to begin by commending Chairman HOWARD, Chairman MINETA, and Chairman ROE for their fine work on this much needed legislation that will go a long way toward ensuring the increased safety and convenience of air travel in this country.

H.R. 2310 authorizes \$29 billion for the next 5 fiscal years for the essential airport and airway programs that are funded from the airport and airway trust fund. The bill authorizes funding for the Airport Improvement Program, the air traffic control system for facilities and equipment, and for part of the costs of operating and maintaining the air traffic control system. Additionally, it authorizes funding in fiscal year 1988 and fiscal year 1989 for Federal Aviation Administration research, engineering and development programs, some of which will be designated for computer programs geared toward improving the air traf-

fic control system and navigation programs in an effort to increase the safety and general service of the airline industry.

I strongly support Chairman HOWARD's amendment to remove the airport and airway trust fund from the unified budget. I am pleased that by our actions yesterday, we in the House will be given the opportunity to vote on this issue and to determine what in fact the majority of Members would like to do concerning the trust fund. I for one believe that the trust fund does not belong in the unified budget in view of the facts that spending from it is limited to specified programs and expenditures from it do not add to the Federal deficit.

The money in the trust fund is derived from aviation taxes and can be used only for aviation purposes. The programs funded are not competing with those funded from general revenues. The amendment would have strictly limited expenditures from the trust fund to those moneys generated by aviation taxes. DOT would not have been required to reduce or withhold disbursements from the fund if projected revenues were not expected to support obligations from aviation programs. That provision of the amendment makes moot the deficit reduction argument as aviation spending would have been restricted so as not to add to the Federal deficit.

Additionally, I am a very strong supporter of Congressman HAMMERSCHMIDT's amendment to extend the Essential Air Service for 10 years. I have long been an advocate of the EAS and am a cosponsor of legislation introduced by Congressman HAMMERSCHMIDT which parallels his proposed amendment. It is of utmost importance to the rural communities of this Nation, including many in West Virginia, that the authorization for the EAS be renewed in a timely manner so as to ensure adequate air travel throughout the country.

In my home State of West Virginia, there are five communities whose airports receive EAS assistance. Two of these communities, Beckley and Bluefield, are located in my congressional district and I can personally attest to the vital need for EAS support in these communities. The continuation of air service in southern West Virginia will be in severe jeopardy without reauthorization of the EAS.

Adequate air service is of critical importance in many ways to small communities in this country. My home State continues to suffer from inordinately high levels of unemployment for which we are seeking solutions by broadening our economic base and promoting new businesses in the State. One of the most promising areas of development is our tourism industry for which these community airports are a

critical component for further promotion and expansion. Adequate air service is also an important factor in attracting other businesses which we in West Virginia so desperately need.

I would like to reiterate my full support for H.R. 2310 and for the amendments offered by Chairman HOWARD and Congressman HAMMERSCHMIDT, both of which are of urgent importance to safe and adequate air service in this country.

Mrs. MORELLA. Mr. Chairman, the vastly increased number of flights in recent years has led to increasing strain on the Nation's airports and airways and also on the ears of those who live below our more crowded skies.

H.R. 3350, the airport and airway improvement bill before us today, is a positive step toward improving the capabilities of our Nation's airports and airways. Additional funding is provided for the Airport Improvement Program, for air traffic control system facilities and equipment, and for the cost of operating and maintaining the air traffic control system. This funding will surely help reduce the delays and near-misses that have plagued our Nation's air transportation system.

This legislation also authorizes much-needed funding for Federal Aviation Administration research, engineering, and development programs. Included in this authorization is funding for research to examine new and innovative technologies to control aircraft noise. I am particularly pleased to see this initiative as a part of the final bill. It is the product of an amendment I introduced with Congressman McMILLEN in the Science, Space, and Technology Committee which will play an important role in reducing the noise plaguing those of our constituents who live below the airways for BWI and National Airports. I call on my colleagues to approve this bill which will so greatly benefit both those who use our Nation's airways and those who live below them.

Mr. STARK. Mr. Chairman, I commend the gentleman from California for bringing this legislation to the floor today and I extend special compliments on the noise abatement provisions included in the bill. I would hope that the committee would continue its work in this direction.

I call particular attention to the provision in the bill which speaks to the issue of noise in the Burbank area. I speak in defense and support of the provision which would deny grants to the Burbank Airport Authority until it submits a feasible plan for dealing with its unique and serious noise problem. For the last year and a half I have dealt with a similar problem in my district, that has yet to be resolved despite multiple correspondences and meetings with the airport authority.

At some point we may all be forced to deal with this type of situation so we ought to be supportive of reasonable solutions to problems as they arise.

Mr. ARMEY. Mr. Chairman, today we are taking a major step toward air safety. We are not there yet but with this legislation, we are moving in that direction. For some time, now, I've told my constituents that air safety can't be had until we free up the trust fund to increase airport capacity and help air traffic control. I've also said we can't solve the prob-

lem of overcrowded skies landing and departing at the same time. Air traffic controllers and airport services must deal with flood or famine.

Today, we may free up the fund but apparently will do nothing about the rush-hour crunches. I do not feel any amount of expansion or technological innovations can solve the problem with the rush-hour blitzes. The challenge for us is to balance arrivals and departures without preempting the right of airlines to meet their passenger's needs. I feel an airport pricing mechanism based on bidding for the use of certain landing slots might be a good way to get funds to expand capacity, to distribute the use of rush-hour slots, and to reward the use of off-peak landing slots.

I understand that the passenger protection bill, H.R. 3051, which we will deal with shortly, would have limited landing slots by arbitrarily placing overall ceilings on capacity. This approach ignores the real problem. We state this explicitly with the sense of Congress provision included in this bill. It says that capacity restrictions are "not in the public interest" and should be repealed as soon as possible but "consistent with aviation safety." But this bill does not state how capacity limitations and general aviation and air safety can coexist. Until that issue is addressed, I feel capacity restrictions will continue and that is unfortunate.

Of course these capacity restrictions will do nothing to make air travel more pleasant for passengers. The same problem that overwhelms air traffic controllers—too many planes in too short a time period—also overwhelms passenger service—too many bags from too many passengers in too short a time period. Capacity limits say fewer passengers and fewer bags is a solution. But that is in the aggregate. You will still have the rush-hour blitzes overwhelming all components of air travel.

We have not addressed this problem in this bill and I don't anticipate it will be dealt with in the passenger protection bill. So one-half of the solution, both now and in the long-term, is still missing. Of course we addressed all sorts of other subjects. We're forcing some airports to use runways of questionable safety. In the Passenger Protection Act, we will institute labor protection provisions and other changes that will put an unbearable burden on the air industry.

So after all the discussion today, we have some simple problems but ones with grave consequences. The demand for air travel is, at times, greater than the supply of runways, terminals, air traffic controllers, and airport services. We need to act to expand the supply to meet the demand for air travel. That means we have to build more airports, terminals, and runways. In the 1970's we've built only one major new airport. That's got to change.

Immediate steps also entail getting the most out of current supplies by shifting air travel to the available supply of runways, terminals, air traffic control, and airport services. While this bill is a step in the right direction, it doesn't meet or promise to meet these needs. Until we look to the real problem and enact long-term solutions, passengers, pilots, and controllers will deal with the stress of inadequate solutions.

Mr. BONKER. Mr. Chairman, I am pleased to rise in support of H.R. 2310, the Airport and Airway Improvement Act and in favor of the amendment offered by the Public Works and Transportation Committee to take the aviation trust fund off-budget. The timing of this legislation has become particularly important in the wake of a flood of highly critical reports about our Nation's air transportation system—our skies are overcrowded, air traffic controllers are too few and overworked, airports lack adequate facilities to handle demand, on-time performance has lagged, baggage is frequently lost, and complaints about aircraft noise proliferate.

While this legislation is not intended to address all of the many problems facing air travel, it does authorize funds for the backbone of our country's air transportation network. Overall the bill authorizes \$29 billion in fiscal year 1988 through fiscal year 1992 for programs ranging from air traffic control to airport construction. These funds are needed in order to equip our airports to handle the growing number of Americans traveling by air.

Specifically, funds are earmarked for airport improvement, noise abatement, air traffic control, Federal Aviation Administration sponsored research, as well as partial funding for the National Weather Service. In addition, the legislation includes a new provision to lower the taxes on tickets, cargo, and fuels if trust fund appropriations fall below 90 percent of authorizations.

This new funding mechanism is a positive step, but I do not feel it really addresses the issue of the legitimacy of including a dedicated trust fund in the unified budget. I hope my colleagues will recognize the folly of stealing from trust funds to reduce the deficit.

Mr. Chairman, I am pleased that we have adopted the rule which will provide an opportunity to vote on an amendment to take the airport and airway trust fund off-budget. I believe that the airport and airway trust fund, as well as the many other dedicated trust funds in the Federal Government, should be removed from the unified budget. These trust funds are funded by taxes for a dedicated purpose and their surpluses should not be held hostage to the Federal deficit.

Without question, we continue to face a serious problem with the enormous Federal budget deficit and I recognize the concerns raised by the Budget Committee regarding the impact of removing this and other trust funds from the unified budget. I am well-aware of the provisions of the Gramm-Rudman deficit reduction legislation which call for across-the-board budget cuts. But using creative accounting principles to take advantage of trust fund surpluses to hide the real magnitude of the deficit is clearly not in our Nation's best interest. We face a number of problems in air transportation, and if we have surplus funds in the trust fund, they should be used to respond to those needs.

I do not believe that the aviation and airway trust fund should be the only off-budget trust fund, but I believe that moving it off budget would be an important first step toward a more honest portrayal of our deficit. Papering over the actual level of the deficit with trust fund surpluses that by law can only be used

for their dedicated purposes is not a solution to our deficit problem.

Mr. Chairman, I hope that we will be able to pass this legislation without delay. We need to move ahead and address the airport and air traffic problems that all of us who travel by air have experienced. Freeing up the trust fund would be a major step toward making these improvements possible. I urge my colleagues to vote in favor of taking the aviation trust fund off-budget and to support H.R. 2310 on final passage.

Mr. SKAGGS. Mr. Chairman, I want to urge my colleagues to support H.R. 2310, the Airport and Airway Improvement Amendments of 1987.

Our strength as a Nation depends on a safe and efficient public transportation system. And today, in the United States, public intercity transportation is aviation.

Since the deregulation of the airlines in 1978, air travel has increased enormously. There were 278 million domestic airline passengers in 1978; last year, there were 415 million. By 1990, there may be as many as 500 million passengers. Last year, of 330 billion passenger miles traveled on commercial trains, planes, and buses, over 300 billion miles were by air.

With air travel at an all-time high, new problems have arisen. Flight delays have increased 21 percent from 2 years ago. Passenger complaints have increased 600 percent in the last year. The number of near collisions will increase this year for the third straight year.

It's premature to look at reregulation of the airlines as the answer. Let's first use existing resources to their fullest extent, including the aviation trust fund.

The trust fund was established in 1970 to fund the capital improvements we need today. Every year, the fund takes in more than \$3 billion from taxes on airline passengers and aviation fuel. Over the past 6 years, more than \$10 billion from the fund has been used to improve our air travel system. But nearly \$6 billion has been accumulated as surplus.

Of course, it's not a surplus at all. That money is needed in the field, and its accumulation represents a breach of trust with the air-traveling public who pay the taxes. The fund can be used only to pay for a limited range of aviation activities. If we don't use it for aviation, it is useless.

H.R. 2310 includes a sensible plan to spend the money in the trust fund for the aviation programs we so desperately need. Its spending levels, ratios, and rules establish a way to improve safety, increase capacity, and limit the amount from the fund that can be spent on general operating costs.

One of the places with the greatest need is in my home State, Colorado. Since deregulation, Denver's Stapleton International Airport has become the fifth busiest airport in the world. It simply isn't large enough to handle the traffic—especially the growth in traffic that's projected. A new airport for Denver is critical to the entire national air transportation system. The Nation doesn't just need improvements to the Denver airport, the Nation needs a new Denver airport.

This bill will help in two ways. As it stands now, the current Stapleton Airport property will

revert to the Federal Government when the new airport is opened. The Aviation Subcommittee incorporated in the bill my amendment to allow the city and county of Denver to sell this land to help finance the new airport. This sale will permit the Federal Government to retain a contingent asset in the form of the new airport and will permit the people of Denver and Colorado to put together financing for the new airport that would otherwise have been extremely difficult.

Second, a large portion of the fund is earmarked to be used at the discretion of the Secretary of Transportation for programs to enhance the capacity, safety, and security of airports. The Committee on Public Works and Transportation, in the report accompanying this bill, has expressed its intent that these discretionary funds be used to expand capacity through the construction of new airports, as well as through improvements to existing airports.

The aviation trust fund was established to pay for airport capital improvements and for research and development in aviation facilities and equipment. However, use of the fund for maintenance and operation of the existing air traffic control system has been increasing. Enactment of this bill would end this trend. With it, we would limit the fund's use for maintenance and operations to half of the funding for research and capital projects.

The Airport and Airway Improvements Amendments of 1987 is an act of fiscal responsibility. It's a step toward openness and honesty in dealing with our country's problems, both in the budget and in the sky. It's a good bill, and I encourage you to support it.

Mr. VISLOSKY. Mr. Chairman, I rise in strong support of H.R. 2310. I believe this legislation is essential for the restoration of our Nation's ailing air transportation system.

In recent months, public confidence in air transportation has been seriously eroded. Although airline deregulation has made air travel more accessible to many Americans, airports and airlines have been unable to cope with the increase in demand for air service. In recent years, we have witnessed a record increase in delays and a growing number of near midair collisions.

Due to a lack of funding, our national airspace plan has failed to stay on schedule in its attempts to modernize our Nation's air traffic control system and develop new airports to meet the growth in traffic. In addition, the administration has failed to adequately rebuild the air traffic control system so seriously impacted by the PATCO strike of 1981. The situation demands that we immediately provide increased funding for a rapid modernization of our air transportation system.

The legislation we consider today takes a significant step toward bringing American aviation into the 21st century. The \$28.5 billion, 5-year authorization provides important funds to expand airport capacity and improve aviation safety systems.

Essentially, the sponsors of H.R. 2310 have realized that rhetoric will not solve the problems which airline consumers face today. Rather, a solid financial commitment must be made to improve our system. H.R. 2310 authorizes \$9.3 billion for the Facilities and Equipment Program for capital development to

modernize the air traffic control system. In addition, the bill authorizes \$9.54 billion for operation and maintenance funding. These authorizations will significantly enable the system to operate more safely and efficiently on a daily basis.

I am particularly supportive of the increased authorization in H.R. 2310 for the Airport Improvement Program [AIP]. The bill would increase this authorization from approximately \$1 billion annually to \$1.7 billion. This increase will allow the expansion of airports—both large and small—to proceed at a more rapid pace. Long term planning efforts to build new airports and expand upon existing facilities depends upon this funding.

Grant money from the AIP is currently being utilized in the Chicago area in a study to determine what potential sites exist for the development of a third major airport. As most of us know, air traffic congestion in the Chicago area is intolerable. The Chicago area air carrier capacity study—funded largely through the FAA—is currently examining options for the development of a new airport which can restore order to this chaotic situation. I am pleased to say that the Gary Airport—which is in the First District of Indiana—is strongly being considered as a potential candidate for development as the third major Chicago airport.

Through the increased funding levels of H.R. 2310, projects like the third airport study in Chicago will be more possible, thus allowing for necessary airport expansion throughout the Nation.

Mr. Chairman, I wish to particularly commend the gentlemen from New Jersey and California for their leadership on this important issue. The legislation they have crafted comprehensively provides the funding which will guide our Nation's aviation infrastructure into the future. Indeed, our national interest truly depends upon this legislation; the maintenance and growth of our air transportation system is essential to a sound and competitive economy. I strongly urge my colleagues to support this bill.

Mr. LIGHTFOOT. Mr. Chairman, I rise in opposition to H.R. 3051, the Airline Passenger Protection Act of 1987, for several reasons that I want to share with my colleagues.

First, I want to state that I share the concerns of the authors of this bill with regard to the current state of the quality of service provided by the Nation's airlines. Flight delays and cancellations, lost and damaged luggage, overbooking, and missed connections are all problems that have become commonplace. As Members of this body, we are responsible for helping to correct these problems and ensure some minimum standard of airline service quality.

During the hearings we held on this legislation earlier this year it became apparent that the problems I just mentioned are caused primarily by several main factors: weather, air traffic control system capacity, airport capacity, and airline management practices. Because of a lack of specific data, it's difficult at this point to determine the extent to which each of these factors is to blame. Today we appear, nevertheless, to be rushing ahead with legislation that singles out one of these—

the airlines themselves—as the focus of punitive action.

The inclination of some to move in this direction is understandable. When we buy a ticket from a given airline, sit on the runway in their airliner for 2 hours, and then miss a connection to another one of their flights, that airline becomes the most immediate identifiable source of our frustration. And to some degree, that is probably an accurate attribution.

How often, however, does the typical passenger attribute their frustration to the overloaded air traffic control system, uncontrollable weather patterns, lack of runways, noise problems, multiyear delays in the FAA's technology procurement system, or—heaven forbid—the U.S. Congress for refusing to release the \$5 billion aviation trust fund surplus? I would venture to say not near as often as an accurate assessment of the situation would demand.

The legislation we are considering today, H.R. 3051, contains several positive provisions that require the airlines to report information that will enable airline consumers to make an informed choice. These provisions, some of which have already been implemented by the Department of Transportation, are a movement in a positive direction and should be encouraged. Other provisions, such as the free-ticket requirements, are, in my view, an unwarranted movement backward toward deregulation. This type of requirement is not likely to solve any of our problems, but they are likely to increase the cost of living.

I want to remind my colleagues that for every degree we move in this direction, we diminish the estimated \$6 billion in annual savings for the consumer that the Brookings Institute estimates is a result of deregulation of the airline industry.

Mr. Chairman, I simply do not believe the information we have available to us justifies the extremity of some of the provisions in this bill. I am requesting the General Accounting Office to perform a study to determine more precisely what are the causes of the delays, cancellations, lost luggage and other problems we currently face in this area. I will be happy to share that information with my colleagues as soon as I receive it. For now, however, I intend to vote against H.R. 3051 and I encourage my colleagues to do the same.

Ms. PELOSI. Mr. Chairman I am pleased to speak on H.R. 2310 for airport and airway improvement. While I think it is very important that the quality of airport and airway programs is upgraded, I would like to call attention to a problem that is not addressed in this legislation, a problem that many of my constituents in the Fifth Congressional District of California are concerned with.

Many of my constituents are frequent travelers who use the San Francisco International Airport, many of them also live near the airport. The increase in flights scheduled at San Francisco Airport has created problems for our residents, as well as for travelers. For our residents, the problem is severe.

Increased numbers of commercial airplanes are flying over many parts of the city creating irritating noise levels.

I have brought up this subject with Federal Aviation Administration officials and will continue to initiate discussions including a hearing

on this issue until a resolution of this serious problem is agreed upon.

I urge my colleagues to address these problems as we pursue solutions to the airport and airway systems.

Mr. BORSKI. Mr. Chairman, I rise in support of H.R. 2310, the reauthorization of the airport and airway trust fund.

This legislation is one of the most important proposals that the 100th Congress will face. Since deregulation of the airline industry in 1978, air travel has soared. With the increased air traffic and congestion, serious questions have been raised about the safety of air transportation. The resources of the FAA have been strained by the rapid growth in air travel. Our air traffic controllers have been under enormous pressure during this period, beginning with the Reagan administration's firing of thousands of controllers in 1981. Many of the Nation's airports are experiencing capacity problems. While the needs of our Nation's air transportation system are at the highest, we are sitting on a huge surplus in the aviation trust fund.

It is critical that we improve the safety and efficiency of our air transportation system. Nothing is as important to the flying public as safety, and many are increasingly anxious about air travel. The Federal Government has a very clear and direct responsibility for ensuring the safety of our airways.

This legislation is a giant step forward in meeting the needs of our air traffic system. It will fund vital safety improvements. It will strengthen our air traffic control system. It will allow for the expansion of airport capacity.

As a representative from Philadelphia, I have a special interest in the legislation. Philadelphia's two airports, International and northeast Philadelphia, are city owned and operated. They do not have access to substantial sources of funding to finance improvements. As a result, the airports depend on the Federal Government, through its Airport Improvement Program, to help pay for capital projects.

Philadelphia International Airport is a primary airport that serves the entire tristate area of Pennsylvania, New Jersey, and Delaware. Northeast Airport is an important reliever airport. International Airport handled 13 million passengers in 1986, up from 10 million just 2 years ago, and it is growing. The city has ambitious plans to rebuild and expand to handle the demand from the public.

The new international terminal will have the capacity to serve one-half million passengers by 1990. Along with the new terminal will come new aprons, taxiways, loading bridges, and other improvements. But these plans will cost a lot of money. The city has issued revenue bonds to cover about \$54 million dollars of the project's costs but that won't come close to paying all of the bills. It will take another \$18 million.

These projects are essential to meet the region's demand for improved air transportation. That is why this legislation is so important. With support from the Airport Improvement Program, Philadelphia and many other of our Nation's major airports can make the improvements necessary to serve the public safely and efficiently. I urge support for the legislation.

Mr. BIAGGI. Mr. Chairman, I rise in full support of H.R. 2310, the Airport and Airway Improvement Amendments of 1987.

Simply put, our Nation's air transportation system has been the subject of much congressional and public concern recently—and for good reason. Seldom, it seems, does a day go by anymore when we don't get a news report of near misses, airline delays, safety violations, canceled flights and, worst of all, air tragedy. This bill would help provide an important solution to these problems by authorizing the efficient and responsible expenditure of vital airport and airway trust fund revenues.

H.R. 2310 authorizes a total of \$29 billion in fiscal years 1988 through 1992 for a variety of airport and airway-related programs funded from the airport and airway trust fund.

Air safety has always been a major concern of mine and I am pleased to report that a substantial share of these funds will be used to improve air safety systems. My own efforts in this area have included authoring legislation to require smoke detectors and automatic fire extinguishers aboard commercial aircraft; and authoring legislation to require in-flight medical kits aboard airliners. I am pleased to report that both of these important safety improvements have been implemented.

Further, just last year, I joined the distinguished gentlelady from California [Ms. BOXER] in calling for a Federal airline safety rating system that could assist consumers in their choice of airlines. It has come to my attention that the General Accounting Office will soon be releasing their findings in this matter and I will be joining Ms. BOXER in soon introducing an appropriate legislative response to their findings.

I also want to take this opportunity to applaud the work of the International Airline Passengers Association, of which I am a member, and the International Foundation of Airline Passengers Associations for their outstanding and very responsible efforts to improve air safety. In fact, I was proud to work with the International Airline Passengers Association and Dr. Hans Krakauer in helping to convince the Federal Aviation Administration to establish a new Office of Passenger Safety in 1985.

Two other particularly noteworthy provisions in the bill would authorize \$9.3 billion for equipment purchases to help improve the air traffic control system; and would help ensure that moneys deposited into the aviation trust fund are fully allocated.

My constituents in the New York City and Westchester County areas will be pleased to learn that the bill provides New York with approximately \$95 million annually in airport improvement grants, with Kennedy and LaGuardia Airports being targeted for general facility expansion and improvement thanks to these funds.

Mr. Chairman, this Congress has begun to take a good hard look at the very serious problems that currently face our Nation's air transport industry and the more than 400 million passengers who fly each year. This legislation is only the beginning, but it is an essential first step toward a solution to these problems. I urge my colleagues to join me in supporting this vital measure.

Mr. DREIER of California. Mr. Chairman, I am pleased that the House today approved H.R. 2310, the Airport and Airway Improvement Act of 1987. For several years, the American public has been paying a stiff tax for aviation improvements, yet that money has been accumulating only to be used to finance the Federal deficit. In the meantime, our Nation's airports and air traffic control system have been straining under the weight of a 36-percent increase in the number of air travelers. Finally, we can begin the task of modernizing the Nation's airport facilities and air traffic control system.

Unfortunately, I must add that I was disappointed that the House rejected an amendment to remove the aviation trust fund from the unified Federal budget. By taking the trust fund off budget, Congress would have eliminated the underhanded device whereby an additional \$1.5 billion in deficit spending is hidden from the American taxpayers.

For many years, users of the aviation system have been paying an 8-percent excise tax on airline tickets and on fuel used by general aviation. Through these taxes, aviation users have contributed more than \$3 billion a year to the aviation trust fund, which was created for the purpose of improving air safety and modernizing our air traffic control system. Yet by maintaining the trust fund's status in the unified budget, it is being used to hide the monstrous deficit.

It is nonsense to suggest that removing the trust fund from the budget would increase the budget deficit in fiscal year 1988 by \$1.5 billion. This money never belonged in the general budget in the first place. The taxes that are paid into the aviation trust fund cannot be used for any purpose other than airport and airway improvements. In actuality, we are not increasing the budget deficit by \$1, we are merely facing up to the reality that we have been spending money that has never been intended to be used as general revenues.

Taking the trust fund off budget will not result in increased spending from the trust fund. Rather, it would prevent the money from being used for purposes other than improving aviation. If Congress is not spending the money on aviation improvements, then perhaps we should stop collecting those taxes under those auspices.

There is currently a \$5.6 billion uncommitted balance in the trust fund. Removing the trust fund from the budget would provide the impetus for much needed improvements and modernizations in our aviation system.

Mr. GILMAN. Mr. Chairman, I rise in strong support of H.R. 2310, the Airport and Airway Improvement Amendments of 1987. I commend my distinguished colleagues [Mr. MINETA and Mr. GINGRICH] of the Aviation Subcommittee for introducing this legislation, as well as the distinguished chairman [Mr. HOWARD] and the ranking minority member [Mr. HAMMERSCHMIDT] of the Committee on Public Works for their outstanding efforts in reporting this measure.

Mr. Chairman, the importance of safety in our Nation's airways cannot be overlooked by the 100th Congress. Safety in our airports and air traffic system affects the safety of peoples' lives. Unfortunately, we are too often reminded of the consequences of failure in air traffic

safety. The recent tragedy of Northwest Airlines flight 225, which crashed at the Detroit Metropolitan Airport on August 16, 1987, confirms for all of Congress that no precaution can be avoided. The Congress must be able to say to the families of the 154 passengers and crewmembers killed in that accident that we have taken every possible step to ensure airline safety. The loss of life due to avoidable errors in the quality of our air traffic system is a loss which the people of this country cannot tolerate.

Mr. Chairman, our Nation's network of airlines is undoubtedly the best in the world, but it is not perfect. In spite of the dedicated performance of our Nation's pilots, air traffic controllers, maintenance crews, and other support personnel, there is a demonstrated need for further legislation in this area. The Airport and Airway Improvement Amendments reauthorize continuing programs for maintenance, modernization, and capital improvement. These programs will provide for the development and installation of sophisticated technologies to provide the most up-to-date information to pilots in the air and flight technicians on the ground. Such improvements are needed to guard against the devastating effects of wind shear and to manage our increasingly crowded airspace.

However, these measures will not address all of the problems which passengers have experienced since deregulation, particularly the decline in quality of passenger services. The committee has reported additional legislation, the Airline Passenger Protection Act of 1987 [H.R. 3051], which will take the additional steps necessary to ensure that quality in service is not sacrificed for the sake of fare reductions and other efficiencies which we all hope to be the long-term benefits of deregulation. I would hope that we could consider this legislation as soon as possible.

There are two issues of particular controversy in consideration of H.R. 2310 which I should like to touch upon briefly. I understand that some of my colleagues will offer amendments on these issues. The first concerns the issue of free trade in Federally funded airport construction. Apparently, several Japanese firms have been bidding on and participating in American construction projects without allowing reciprocal benefits on Japanese projects to American firms. In particular, there are several domestic companies eager to bid on the \$8 billion Kansai International Airport near Osaka Bay which is now in the preliminary stages. During the 4 years 1981-85, Japanese participation in the United States construction market soared to nearly \$2 billion, while United States participation in the Japanese construction market has been restricted to zero. My distinguished colleague from Tennessee [Mr. SUNDQUIST] will offer an amendment to correct this inequity by prohibiting foreign participation in domestic public works projects unless reciprocal opportunities are afforded to U.S. corporations. I was pleased to cosponsor the original language of this simple requirement for fairness in trade.

The second initiative promises to be an issue of contention. I refer here to the inclusion of the aviation trust fund in the unified Federal budget. Revenues in the trust fund have been collected from excise taxes on the

purchase of airline tickets and aviation fuel, and the fund is intended to be used solely for improvement of the air traffic system. The fund is currently operating at a \$5.7 billion surplus due to consistent congressional failure to appropriate revenues toward improvement projects. Mr. Chairman, I think it is past time that this surplus be released for its original purpose. Improvements in airline safety are urgently needed, and I think it is a shame to include these funds due to the false benefit that they mask the size of the deficit. Mr. Chairman, I submit that the safety of our Nation's airline passengers is more important than perpetuating the false impression of fiscal responsibility on the part of Congress, and I support the amendment offered by the distinguished public works committee chairman [Mr. HOWARD] to remove the aviation trust fund from the unified Federal budget.

We cannot afford to ignore the issue of airline safety any further. I urge my colleagues to vote in favor of the Airway and Airway Improvement Amendments of 1987.

Mr. FUSTER. Mr. Chairman, I commend my colleagues on the floor today for approving H.R. 2310, the Airport and Airway Improvement Act, and for including in that bill an amendment which will give Puerto Rico greater flexibility and discretion in its use of Federal funds for airport improvements.

In particular, I want to thank my distinguished colleague from California, NORMAN MINETA, the very capable chairman of the House Aviation Subcommittee, for including in the bill an amendment which gives Puerto Rico that flexibility and discretion which it needs in its special airport circumstances.

I worked very closely with Chairman MINETA and requested that he introduce the amendment on Puerto Rico's behalf so that it would carry the weight of his influence and excellent reputation as chairman of the Aviation Subcommittee.

Since 1982, Puerto Rico has received \$3.5 million under State apportionment funds under section 2006 of the act. Like the States, the Commonwealth of Puerto Rico can only use the funds for improvement and development of noncommercial general aviation airports. However, unlike most of the States, Puerto Rico has only three airports of this type which have already been quite developed to provide facilities adequate to their operational requirements.

For this reason, although we foresee future needs at these airports, we do not anticipate using all the funds for the purpose they are intended. This presents a problem for the Commonwealth of Puerto Rico, because although the surplus of these funds is very much needed for development at other types of airports on the island, we are legally precluded from using them. Thus, the availability of these funds beyond the restrictions of section 2006 is of importance for the future development of our airport system.

My amendment thus allows the Secretary of Transportation to approve the use of State apportionment funds for projects in primary or commercial airports in Puerto Rico.

For Puerto Rico, the amendment will have a very positive impact, since we foresee the need for major development in our airports in

the near future. My amendment, which Chairman MINETA graciously introduced, will give Puerto Rico the discretion to utilize the funding not only for small commuter airports but also in any of the 11 airports on the island. Those 11 include 4 primary airports, 4 other commercial airports and 3 noncommercial, general aviation airports.

Again, I want to thank Chairman MINETA for his vigorous and compassionate leadership in facilitating today the passage of this amendment which will certainly benefit his fellow American citizens in Puerto Rico.

Mr. LANTOS. Mr. Chairman, the noise generated by aircraft landing and taking off is one of the most irritating aspects of urban life. For many of my constituents in the San Francisco Peninsula, airport noise is the principal source of degradation in their quality of life.

In an effort to reduce airport noise in and around the San Francisco International Airport, airport officials refused to allow Burlington Air Express to operate retrofit Boeing 707 jet aircraft at the airport because they were too noisy. As a result of the airport's action, the FAA refused to issue \$17 million in previously approved grants to the airport. These were funds that were generated by passengers using the San Francisco Airport and the money was to be used for needed safety equipment and work on the runways. The FAA's decision to withhold these funds—without first completing the legal proceeding—was challenged by the San Francisco Airport's Commission in the U.S. Court of Appeals, which dismissed the case because it lacked jurisdiction.

The FAA action was an inappropriate effort to bludgeon the airport into allowing noisy aircraft to land. It is an effort that disregards the legitimate concerns of the people living near the airport who are subject to the noise and inconvenience of these aircraft.

Mr. Chairman, language is included in the Airport and Airway Improvement Act which prohibits the Secretary of Transportation from withholding grant payments for alleged non-compliance unless the Secretary provides the applicant with an opportunity for a hearing. The bill also directs the Secretary to issue a finding that an airport had violated a requirement or grant condition before suspending, terminating, or denying grants or grant applications. Furthermore, the bill states that the U.S. Court of Appeals shall have jurisdiction over petitions for review of orders withholding grant approval or grant funds.

Mr. Chairman, the time has come to limit the ability of the FAA arbitrarily to terminate entitlement grants to airports without due processes of judicial review. And while San Francisco International Airport will still continue its battle with the FAA on its decision not to release grant funds, this language assures that there will not be this tremendous uncertainty about where judicial review should occur.

Mr. MILLER of California. Mr. Chairman, I rise in strong support for the airport and airway improvement bill before us today. By providing a 5-year authorization for increased funding, today's legislation is a long-term commitment to better and safer air travel.

Our Nation's aviation system is breaking down. Poor airline service, horrendous flight

delays, and innumerable near misses are the obvious signs of a neglected and overburdened system. Deregulation has brought increased competition and lower prices for the consumer. But as the demand for air travel has skyrocketed, airports have not been able to keep pace and safety has taken a back seat.

Many Americans who once enjoyed flying now dread the prospect of boarding an airplane. They have heard and read the reports of overcrowded skies, too few air traffic controllers, and aging navigational aids and air traffic computer systems. We continue to face the prospect of air disasters with the loss of many lives, unless these problems are addressed immediately.

The airport and airway improvement bill provides much needed increased authorization to provide airport improvement, obtain facilities and equipment for modernizing the air traffic control system, and ensure the proper operation and maintenance of the system. The bill also provides for programs to improve the safety, productivity, and capacity of the Nation's air traffic control system.

I am particularly pleased that this bill authorizes the Buchanan Field Airport in my district, which has experienced an especially dramatic increase in traffic, to acquire radar equipment for its control tower. The radar will help prevent the recurrence of tragic accidents, like that at the Sun Valley Mall in Concord, CA.

Today we are seeking to restore American confidence in air travel. I am pleased to give my full support to this legislation, and I urge my colleagues to do the same.

Mr. LEWIS of Florida. Mr. Chairman, as a private pilot, Member of Congress, and ranking Republican on the Transportation, Aviation, and Materials Subcommittee, I strongly and wholeheartedly support current efforts to remove the Aviation Trust Fund from the unified budget.

Members may recall that when Congress passed legislation in 1982 authorizing funding for the National Airspace System [NAS] Plan and increased the taxes going into the Aviation Trust Fund, skeptics were assured that this time the funds would finally be appropriated for their intended purpose, air safety modernization.

Unfortunately, the Federal Government has not kept its side of the bargain. The Aviation Trust Fund, which presently has a \$5 to \$8 billion surplus, has not been fully utilized. This trust fund, made up of taxes on aviation users, has proven to be an irresistible temptation to those in Congress and the administration who wish to "reduce" the Federal deficit through illusive means.

It is obvious that as long as budget deficits remain and the trust fund continues to be allowed to grow larger, the temptation to use this surplus to offset deficits can only increase.

In my view, if we in Congress are sincere in our desire to promote air safety, we must remove the Aviation Trust Fund from the unified budget. To continue to include this trust fund in the budget is a betrayal of the millions of transportation users who continue to pay into the trust fund in good faith.

Mr. Chairman, the current situation is a gross injustice, but worse yet, it is dangerously

shortsighted. Simply put, there is no excuse to place the safety of the traveling public in jeopardy in order to allow Congress and the administration the luxury of continuing to avoid facing the real dimensions of the real deficit. If we are to put an end to the mishandling of the trust fund, we must put an end to the temptation now.

Therefore, I strongly urge that the entire House of Representatives vote to take the trust fund off budget.

Mr. McMILLEN of Maryland. Mr. Chairman, I wish to express my strongest support for H.R. 2310, the airport and airway improvement amendments of 1987.

Scarcely a week has gone by in recent months without a report of an incident involving some airline accident or mishap. Flight delays are rampant, maintenance is poor, and customer services are declining. Clearly, our air-travel system is under severe strain.

H.R. 2310 offers a ray of hope for the improvement of this dismal state. The bill provides \$28 billion for 5-year authorizations, from 1988 through 1992, for programs funded by the airport and airway trust fund. These programs included grants for airport development and airport planning; airway facilities and equipment; aviation weather services; and a portion of the costs for operation and maintenance of the air traffic control system.

I am particularly pleased that H.R. 2310 contains a provision Congresswoman MORELLA and I offered as an amendment during full committee markup. Both this language and a separate provision of the bill focus attention on the problem of noise from airport operations and from airplane overflight.

The report directs the Federal Aviation Administration to concentrate research efforts to examine new and innovative technologies to control noise generated by aircraft and to develop effective noise abatement operating procedures. The language specifically states that the research should investigate noise abatement for airports that have a high density of private residences and educational and medical facilities in close proximity.

In addition, the bill makes a number of improvements in the Airport Improvement Program. One of those improvements is to increase the minimum funding for noise compatibility planning and programs from 8 to 10 percent of the total Airport Improvement Program.

I would like to reiterate my support for the airport and airway improvement amendments of 1987 which will benefit both the users of our air-travel system and those impacted by the noise it creates.

Mr. HOWARD. Mr. Chairman, I reserve the balance of my time.

Mr. HAMMERSCHMIDT. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Arkansas [Mr. HAMMERSCHMIDT] has 29 minutes remaining and the gentleman from New Jersey [Mr. HOWARD] has 20 minutes remaining.

Under the rule, the gentleman from New Jersey [Mr. ROE] will be recognized for 15 minutes and the gentle-

man from New Mexico [Mr. LUJAN] will be recognized for 15 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. ROE].

Mr. ROE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, H.R. 2310 was jointly referred to the Committee on Public Works and Transportation, and to the Committee on Science, Space, and Technology. The Science, Space, and Technology Committee has jurisdiction over the part of the bill dealing with research, engineering and development. The funds authorized by this part represent the "front-end" costs of a long, overdue modernization of our Nation's air traffic control system, a project that the Federal Aviation Administration began in 1982, largely as a result of legislation originated by the Science, Space, and Technology Committee.

The subcommittee, chaired by the gentleman from Oklahoma [Mr. McCURDY], held extensive hearings in March of this year, as part of our ongoing oversight of that project and the other research work being undertaken by the FAA. The principal finding of the subcommittee, which the full committee confirmed subsequently, is that the FAA had eliminated nearly all long-term research. The only work to be supported by its \$150 million request for fiscal year 1988 is near-term development, needed to complete the aforementioned modernization of the air traffic control system. But what happens after that, 5 to 10 years down the road? No funds are included to provide for future needs in the areas of aviation safety and air system capacity.

Such work must go forward if we are going to develop weather sensors, the kind that might have prevented the Delta Airlines crash in Dallas in August 1985. One hundred thirty-five people lost their lives as a result of that accident. Such work must go forward if we are going to perfect collision avoidance systems, the kind that might have prevented the Aeromexico midair over Ceritos last year. And such work must go forward if we are going to develop new fire-resistant cabin materials, the kind that might have prevented the Air Canada fire in 1983 in which 23 people died.

These are just a few examples. The administration's request was virtually devoid of this kind of research.

The committee found this approach to be shortsighted in the extreme. Accordingly, we are recommending an augmentation of \$51 million to the administration's request. This amount will restore most of the really high priority research projects that had long been envisioned as necessary to lay the basis for future improvements, but which were cut in the name of budgetary cosmetics.

I say cosmetics because, as my colleagues well know, the funds for this work come exclusively from an independent revenue stream. They are contributed by the flying public, largely in the form of airline ticket taxes. So, to cut R&D expenditures that are desperately needed, for the sake of making the overall Federal budget look a little better, is not only bad policy, it is also a blatant double-cross of the people who paid their money in good faith expecting it would be spent to improve their safety.

Mr. Chairman, the bill we bring to the floor today represents a bipartisan consensus that our air transportation system is in need of repair. All indicators point to the facts that safety is down and congestion is up. The warning signs are plainly evident. But, happily, we have the resources to do something before we have a series of tragedies. All we need is the resolve to apply them. H.R. 2310 reflects a realistic, long-term plan for safe growth of the air system. I strongly urge its adoption.

Mr. Chairman, I reserve the balance of my time.

Mr. LUJAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise in support of H.R. 2310. The Committee on Science, Space, and Technology plays a small but a very important role in the formulation of the legislation which authorizes appropriations for airport and airway improvement. The much needed modernization of the air traffic control system cannot take place without the R&D authorized in this bill. The bill we passed 5 years ago authorizing the initiation of the national airspace system plan was a good beginning but much more still needs to be done.

The demand on the airspace system continues to grow. By the end of this decade, the number of tower operations, which is a pretty good measure of the demand on the system, will be 30 percent greater than when this modernization effort began. And adding to the congestion problem is the preference of most people to fly at the same time. This means we have some very crowded airspace around our Nation's airports and some very heavy workloads for the controllers.

Fortunately, we are doing something about it. Through increased automation we will be able to manage traffic flow better, do a better job of collision avoidance, weather detection and forecasting, and information dissemination, and alleviate some of that controller workload. We can make air travel safer and we can handle the increased traffic, but we are not there yet.

This bill authorizes \$201 million for research, engineering, and development for fiscal year 1988 and an additional \$215 million for the following

fiscal year to be appropriated from the trust fund. This is somewhat more than the administration requested this year, but it is consistent with their earlier projections and I believe it can be justified. The bill had no opposition in the Committee on Science, Space, and Technology, and was reported out by voice vote.

Mr. Chairman, this legislation is needed to finish the job we started 5 years ago, and I urge all my colleagues to join with us on the Committees of Science, Space, and Technology and Public Works and vote "yes" on H.R. 2310.

Mr. ROE. Mr. Chairman, I yield such time as he may consume to the gentleman from Oklahoma [Mr. McCURDY].

Mr. McCURDY. I thank the gentleman from New Jersey, chairman of the committee, for yielding this time to me and I want to briefly review with the committee the efforts of the Subcommittee on Transportation, Aviation, and Materials which I chair in the area of aviation safety, FAA, and R&D programs associated with those.

Our subcommittee has held oversight hearings each year on the progress of research and development programs relating to the national airspace system and also the general issues of aviation safety, aviation weather and the requirements of FAA to improve the technology available to those pilots in the cockpits and to the flying public, to increase safety in the air.

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The principal finding that we have discovered in the committee and subcommittee hearings has been the inadequate funding for many of the R&D programs. The administration has consistently in the past couple of years made requests that were below the authorization level, however, that have resulted in higher levels than actually was appropriated. This year's request provided only for near-term needs, however, associated with completing the current ATC modernization and the far-term needs of this plan, however, the national aerospace system plan, have not been met nor included in the administration's request.

The FAA research and development must be planned many years into the future to assure a safe system and allow for growth in air traffic.

One of the things that we have found recently in a hearing held yesterday on research and development effects on air weather and improvements in such systems as terminal Doppler radar system and Nexrad is that there is a tendency to fund only the hardware early on and concentrate on one specific project and not have the overall planning of the communi-

cations architecture for the transmission of the data to the aircraft which I think is a result of inadequate funding and inadequate planning because of the uncertainty of the funding issue.

The Subcommittee on Transportation, Aviation and Materials this year recommended adding \$51 million to restore long-term research projects that had been planned but were cut this year. Items added include the—

Automatic generation and transmission of clearances;

Future communications systems;

Flight service station enhancements;

Controller human performance studies;

Advanced wind shear sensor development;

Civil uses of global positioning system;

Centralized weather information processing;

Weather sensor enhancements; and

Cabin fire safety.

Recent hearings have shown this research is necessary because a prototype collision avoidance system on one airliner, a Piedmont flight during a test, encountered a near collision every 15 hours.

In 6 months of regular usage, regular flights, they encountered a near collision once in every 15 hours. We need desperately to move forward on TCAS-II and TCAS-III and the funding has to be provided.

Reported near collisions are up 46 percent this year compared to 1986.

Reports of severe weather, which is a factor in half of all aircraft accidents, will not be sent to pilots automatically until the later 1990's.

Research must be expedited to develop the full capability threat alert and collision avoidance system, TCAS-III, and the data dissemination components of the advanced weather reporting system.

Mr. Chairman, I understand that the amendment offered by the gentleman from California is going to be controversial. I believe, however, that in order to ensure the proper funding of these research and development areas and to increase the emphasis on improving air safety, that we must take this step to fully utilize the aviation trust fund and that the Government should stop borrowing money and that we should expend the funds necessary to correct these problems.

Funds to correct these problems have been contributed in good faith by the flying public; but, the present budget system has no flexibility in dealing with a funding category with independent revenue stream.

Inclusion of safety of air transportation system is declining. Congestion is increasing, and it is time that we act.

Mr. ROE. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Tennessee [Mr. Ford].

Mr. FORD of Tennessee. Mr. Chairman, I rise today to speak about the noise compatibility program and how it affects my district of Memphis, TN.

With the expansion of the Memphis International Airport, about 1,300 families suddenly found themselves in an area where the noise levels of jets flying overhead became intolerable. They've complained and we worked closely with the airport authority and local community groups to solve this problem. The program which came out of this hard fought battle is a home buyout plan.

Under this program the airport authority will purchase the homes of citizens living in the most afflicted areas. Some of the funding for this program will be supplied by matching funds which we are about to authorize here. My concern is that due to logistic problems the buyout plan will take a minimum of 5 years to complete. However, I do not see why this program needs to take so long. The logistic problems could easily be solved and the FAA could take steps to ensure that the needed funds are released.

If any of you lived right next to an airport, you would not want to have to wait 5 years, or maybe more, before you could move. When you arrived home after work, you would not be able to relax. When you went to bed, you would not be able to sleep. When your children returned from school they would not be able to study. By reauthorizing this legislation we are taking the first step toward solving these problems. But the Memphis Airport Authority needs to study what they can do to speed up the program so that no one has to live in an airport terminal for 5 years or more.

Mr. Chairman, I would at this time wish to engage in colloquy with the gentleman from New Jersey [Mr. Howard] on the bill that is before the House today.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. FORD of Tennessee. Mr. Chairman, I yield to the gentleman from New Jersey.

Mr. HOWARD. Mr. Chairman, I am happy to engage in colloquy with the gentleman from Tennessee [Mr. Ford].

Mr. FORD of Tennessee. Mr. Chairman, I would like to take this opportunity to enter into a colloquy with the gentleman from New Jersey [Mr. Howard], by saying I do not have an amendment to offer on the bill today, and I am not sure that an amendment would be in order, but we have asked the FAA to closely examine the Memphis program and to ensure that the buyout be completed as quickly as possible. Clearly, contrary to the airport authority belief, a city the size of Memphis has all the logistic support needed in order to guarantee that this program can be carried out in less

than 5 years, which is the period of time that has been talked about in the preapplication.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROE. Mr. Chairman, I yield 1 additional minute to the gentleman from Tennessee [Mr. Ford].

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. FORD of Tennessee. Mr. Chairman, I yield to the gentleman from New Jersey.

Mr. HOWARD. Mr. Chairman, I wish to thank the gentleman from Tennessee [Mr. Ford] very much for his bringing this to the attention of the House and to the Committee on Public Works and Transportation. We do urge and will urge the FAA to give serious consideration to the concerns the gentleman has raised during the preapplication stage.

Mr. FORD of Tennessee. Mr. Chairman, that is the important part. I thank the gentleman very much for his colloquy, because the preapplication stage is where the FAA would have to step in.

Mr. LUJAN. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. Inhofe].

Mr. INHOFE. Mr. Chairman, I rise in strong support of H.R. 2310 and urge my colleagues to support its passage. The tremendous growth in air travel since deregulation makes it especially important to reauthorize the airport and airway trust fund as soon as possible in order to proceed with plans to expand and improve our air transportation system.

I'd like to take just a minute to refer to some report language included with the bill which commends the FAA for taking concrete steps toward charting preplanned departure and arrival routes in areas with complex airspace for pilots operating under visual flight rules [VFR]. These routes will improve air safety by helping to keep slow traffic separated from faster traffic.

I was greatly concerned when the FAA canceled the only existing VFR corridor through the Los Angeles terminal control area in August. I am encouraged, however, by comments made this morning at an aviation forum breakfast by the new FAA administrator, Allan McArtor. He indicated that the FAA is continuing to work on developing VFR routes through the Los Angeles terminal control area [TCA] and that the goal is to develop four or five such routes.

I am confident that the effort to develop these routes in the Los Angeles TCA will prove successful and lead to their development through other busy airspace across the country. I and other members of the Aviation Committee will continue to monitor

progress in the development of VFR preplanned routes.

Mr. LUJAN. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. LEWIS].

Mr. LEWIS of Florida. Mr. Chairman, the FAA research, engineering and development budget request, part of the Airport and Airways Improvement Act now before the House, is truly a bipartisan effort. As is always the case in a compromise, neither side prevailed on all issues, but the FAA budget request represents a good product. I want to thank the subcommittee chairman, Mr. McCURDY, for his assistance and cooperation in working toward a bipartisan budget. I also want to thank the full committee chairman, Mr. ROE, and the ranking minority member, Mr. LUJAN, for their leadership in getting this legislation before the House for consideration.

The recommendation for the FAA research programs includes an increase in the funding level. The increase comes from the airport and airways trust fund, which receives revenues from airplane ticket taxes and related taxes.

The trust fund has a surplus of over \$4 billion in unobligated funds. I am opposed to this accumulation of excess funds and supported efforts to reduce the surplus and to allow the House to vote on removing the trust fund from the unified budget. Nevertheless, the trust fund was established to provide support for several FAA programs, including the Research, Engineering and Development Program. Therefore, the increase in FAA's research budget will not come from general revenue.

During the several days of subcommittee hearings, the picture that emerged is one that the level of air safety must be maintained. The concern is that the number of air-traveling passengers is increasing and at the same time, the number of near midair collisions is also increasing. For example, in 1984 there were almost 600 near midair collisions; this year through July, the total is 611. Therefore, FAA must increase its efforts to improve safety measures to meet the increased risk.

FAA has a good plan to resolve these problems and to modernize the system, which is the national aerospace system plan. However, the funding needed to keep the plan on schedule has lagged. The increase contained in this act will restore the funding to the level that FAA originally requested and will fund important research in several areas.

One such area is fire safety research. Past FAA research has shown a significant correlation between flammability and toxic emissions. In addition, the past studies showed that the severe hazard of toxic emissions occurs as a result of fires involving interior materials.

Currently, no research is underway on reducing toxic gas levels or on the lowering of flammability in materials utilized in airplane interiors.

This legislation directs that the research is to be conducted on materials utilized in airplane interiors to find ways of reducing flammability. In connection with this research, studies are to be conducted on reducing toxic gas levels that result from aircraft fires.

These are just a few of the reasons that I rise in support of the research portion of the Airport and Airways Improvement Act. I urge my colleagues to support this legislation.

Mr. McCURDY. Mr. Chairman, will the gentleman yield?

Mr. LEWIS of Florida. Mr. Chairman, I am happy to yield to the gentleman from Oklahoma.

Mr. McCURDY. Mr. Chairman, I want to rise and commend the gentleman from Florida [Mr. Lewis] for his statement, and also to thank him sincerely for his efforts in the Subcommittee on Transportation, Aviation and Materials, as the ranking member, and for the strong bipartisan spirit he brings to that subcommittee as one of the few Members of this body who has had a long-term practical experience in the aviation industry. He has been an invaluable asset not only to the committee but also to the Congress and the country as a whole. It is always a pleasure to work with him. I certainly concur in his remarks and commend him for all of his efforts and leadership in this area.

Mr. LEWIS of Florida. Mr. Chairman, I thank the gentleman from Oklahoma for those kind remarks. It is a pleasure to work with him, and our four subcommittee chairmen, and certainly the gentleman from New Mexico [Mr. LUJAN], our ranking minority member.

Mr. LUJAN. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I rise today in strong support of this measure.

The problems of flight delays and other lapses in air travel service have received a lot of attention this year. In fact, there has been a sharp increase in the number of complaints I have received from my constituents about difficulties they have encountered in traveling by airplane. I am sure a number of my distinguished colleagues have their own horror stories. There was even one occasion when it took me almost as long to fly from Wisconsin to Washington as it would have taken to drive.

The reasons for the problems are clear. Millions more people are flying today than have ever flown before. Since deregulation of the airlines, we have seen a quantum leap in the number of people flying at lower fares have attracted new customers. Unfortunately,

our airport and airway capacity has not been able to keep up with the demand. Some airports are being asked to handle 5 and 10 times more passengers than the designers ever dreamed would flow through the gates. Our air traffic control systems are being stretched to the limit. It is clear that something has to be done. It's not just service problems, it's air travel safety we must consider as well.

We on the Aviation Subcommittee, and in fact, the full public works committee, have spent a great deal of time discussing the long-term solutions to the problems facing our airports and air traffic control system. The answer seems obvious—we have to upgrade the system, using the money already collected from air travel system users.

Since 1970, the airport and airway trust fund has been the mechanism for funding capital improvements for our air traffic control system and airports. The trust fund is supported by an 8-percent tax on airline tickets and a tax on the fuel used by general aviation. Through these taxes, the users contribute more than \$3 billion a year to the trust fund.

Now, there is a surplus in the trust fund of almost \$6 billion. The Government has been collecting taxes from the air travel system's users without spending that money on the system. Why? Because keeping that money sitting in the trust fund makes the deficit look smaller.

We will have an opportunity today to take the airport trust fund off budget. I am pleased that the rule under which this measure is being considered will allow the Members to vote up or down on this issue.

I am also pleased that we are considering this legislation here today. H.R. 2310 is designed to reduce the surplus in the trust fund over the next 5 years. The spending will go toward updating and expanding our air traffic control system, increasing airport capacity, and other programs designed to enhance our Nation's air travel system. This bill should greatly reduce the problems we have heard about from all of our constituents, and have even experienced ourselves.

I urge my colleagues to support this measure.

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Mr. LUJAN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. ROE. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, the gentleman from Illinois [Mr. ROSTENKOWSKI], on behalf of the Committee on Ways and Means, will be recognized for 30 minutes, and a member of the minority from the

Committee on Ways and Means will be recognized for 30 minutes.

The gentleman from Ohio [Mr. PEASE] is recognized for 30 minutes.

Mr. PEASE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, speaking on behalf of our chairman, the gentleman from Illinois [Mr. ROSTENKOWSKI], I rise today in support of H.R. 2310, the Airport and Airway Improvement Amendments of 1987.

On August 3, 1987, the Committee on Ways and Means approved a revenue title to H.R. 2310. Title II would extend the present law airport and airway trust fund excise taxes and the authority to spend from the trust fund for 5 years, through December 31, 1992. The airport and airway trust fund would be updated to reflect the new authorized expenditures in H.R. 2310.

Title II also contains a provision which provides for an automatic reduction in the air passenger ticket, Cargo, and fuels taxes if the trust fund balance is allowed to accumulate at unreasonably high levels. The reduction would occur only if the trust fund unobligated balance at the end of the fiscal year is \$2 billion or more. In such a case, the reduction would be equal to the percentage of the funding shortfall, but in no event to exceed 50 percent.

Title II also provides an exemption from all applicable airport and airway excise taxes for emergency medical helicopters owned or leased by non-profit health care facilities which derive insignificant benefits from the federally assisted facilities funded by these taxes. This provision will be effective September 30, 1987.

Mr. Chairman, I also want to express my strong opposition to the Mineta amendment which proposes to take the airport trust fund off budget. However, I will reserve my arguments against the off-budget amendment until it is formally offered later today.

In order to continue the necessary funding for support of our Nation's airports and airways, I urge my colleagues' support for title II of the bill.

Mr. Chairman, I reserve the balance of my time.

Mr. DAUB. Mr. Chairman, I appreciate this opportunity to discuss title II of the ways and means provisions regarding reauthorization of the airport and airway trust fund programs. In addition to extending the taxes for 5 years, the committee amendment reduces aviation excise taxes if they are not used for their intended purpose of funding airport improvement programs designed to enhance air traffic safety.

The airport and airway trust fund is supported by excise taxes which include an 8-percent tax on air passenger tickets, a 5-percent tax on domestic air freight, a \$3 charge on international passenger flights, and a 12 cents per gallon and 14 cents per gallon levy on gasoline and other fuels respectively.

The purpose of the taxes is to finance airport development and safety programs. Specifically, these collected fees are supposed to be used for facilities and equipment, operation and maintenance, airport improvement, and research, engineering, and development. There is clear and pressing evidence that these programs are vitally needed if our Nation's air transportation system is to meet the increasing demands on airport facilities.

However, the trust fund is not being spent. In fact, nearly \$5.6 billion are expected to be left in the trust fund at the end of this fiscal year. This situation is contrary to the purpose of the trust fund.

How can we recommend that the taxes continue to be collected if the money is not spent? How do we explain to the airline passenger or the cargo shipper that the tax they pay, which is essentially a user tax, is collecting dust on paper? We can't. And for that reason we have recommended that a catalyst for spending the funds be included in the reauthorization of the trust fund and its air safety programs.

Basically, the ways and means amendment automatically reduces passenger, cargo, and excise tax rates for the calendar year following any fiscal year for which total trust fund appropriations fall below 90 percent of the amount authorized. The tax rates are to be reduced by an amount equaling the percentage of the difference between what is authorized and what is spent.

In other words, if the trust fund is only spent at 85 percent of the authorized level, the excise taxes would be 85 percent of their normal rate. However, the tax rate reduction would not be allowed to exceed 50 percent. In addition, the tax rate reduction would go into effect only if the unobligated balance totals \$2 billion or more at the end of the applicable fiscal year.

This revenue title would have the effect of encouraging expenditures on the aviation system. The trust fund is paid for by air travelers and air shippers. But the fact remains that they are not getting the air safety that they are paying for. The conclusion follows that it is not fair to ask taxpayers to put money into a fund that is not being used.

Keeping the funds at an amount above the authorized funding level is nothing less than an attempt to artificially boost the budget. By keeping the trust fund balance above the authorized level and within the unified budget, the true nature of the deficit is understated. Let's get the record straight: We should not be using a dedicated trust fund surplus to make the budget deficit any less of a reality than it is.

This revenue title makes sense, because it recognizes the proper mission of the trust fund—air safety. Air passengers who pay taxes to support the trust fund deserve a careful and reasonable stewardship of those funds. I encourage Members to support the revenue title as part of bill, so that the trust fund is spent. It will enable our Nation's aviation system to provide safe air travel to the people who pay for it.

The CHAIRMAN. The Chair is advised that the minority on the Committee on Ways and Means is not present to assume its 30 minutes, so

the Chair would again recognize the gentleman from Ohio [Mr. PEASE].

Mr. PEASE. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair understands that the gentleman from New Jersey [Mr. HOWARD] still has 20 minutes remaining and the gentleman from Arkansas [Mr. HAMMERSCHMIDT] has 29 minutes remaining.

Mr. HOWARD. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. CARR].

Mr. CARR. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise to ask a question of either the gentleman from New Jersey [Mr. HOWARD], the chairman of the full committee, or the gentleman from California [Mr. MINETA], the chairman of the subcommittee, and to gain some assurances, because I know there have been some discussions regarding the eligibility of funds out of the trust fund for a variety of purposes.

I was wondering if either gentleman could tell me whether the uses for which we would expend funds out of the trust fund have been enlarged over the 1982 bill?

Mr. MINETA. Mr. Chairman, will the gentleman yield?

Mr. CARR. I yield to the gentleman from California.

Mr. MINETA. Mr. Chairman, I thank the gentleman for yielding.

In terms of enlargements, for instance, the Airport Improvement Program has been increased from \$1 billion a year to \$1.7 billion a year.

In other areas such as facilities and in equipment, we have varying amounts for equipment in the Facilities and Equipment Account Program, varying from \$1.2 billion to about \$2 billion a year; and then in terms for operational and maintenance purposes, we have again increased the amount that would be available from the trust fund, but in terms of, is there any expansion of purposes, no. In terms of expanded amounts, yes.

Mr. CARR. I would just state for the record here that between the subcommittee of the gentleman from California [Mr. MINETA] and our Committee on Appropriations, we did uncover a few years ago an attempt by the Commerce Department to fund about 70 percent, 76 percent actually, I believe, of Nexrad, and aviation uses are only 26 percent of the use.

I want to applaud the gentleman for keeping tight reins on the purposes for which trust fund moneys could be spent.

Mr. MINETA. I thank the gentleman for the gentleman's help on the Committee on Appropriations, and his support.

Mr. HOWARD. Mr. Chairman, I yield such time as he may consume to

the gentleman from California [Mr. MINETA], the chairman of the subcommittee.

Mr. MINETA. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in strong support of H.R. 2310, which will reauthorize the airport and airway trust fund for 5 fiscal years. The 17-year-old trust fund finances capital development of our Nation's airports and air traffic control system. This capital development can make a major contribution to increasing aviation safety and to reversing the serious deterioration in airline service which has occurred over the past year.

A major cause of airline service problems, particularly of delays and canceled flights, has been the failure of the Government to develop an air traffic control system that can accommodate the increased traffic created by deregulation. Low fares and increased service under deregulation have made it possible for millions more Americans to travel by air. The domestic traffic carried by scheduled airlines has increased dramatically from 275 million passengers in 1978, the first year of deregulation, to 418 million passengers in 1986. Unfortunately, the Government has failed to develop an air traffic control system which can handle this increased demand.

H.R. 2310 will authorize the funding which is needed to modernize and increase the capacity of our airports and air traffic control system. The bill authorizes funding of more than \$28 billion over 5 years to accomplish these objectives.

For capital development of the air traffic control system under the Facilities and Equipment Program, H.R. 2310 establishes funding levels ranging from \$1.4 to \$2.2 billion a year. These authorizations are needed to keep FAA's plan for modification of the air traffic control system, known as the national airspace system plan, on track. It has been estimated that the 10-year NAS plan will produce 26.2 billion dollars' worth of benefits for the Federal Government and 37.4 billion dollars' worth of benefits to aviation users, resulting from improved air traffic control services, more efficient routings, and reduced delays.

The NAS plan will replace current air traffic control system equipment, much of which is based on vacuum tube technology of the 1960's. The NAS plan includes approximately 90 individual projects. I particularly call attention to the terminal Doppler weather radar program, which will provide advance detection of hazardous weather conditions, such as wind shear, which has been a primary cause of a number of major airline accidents.

H.R. 2310 also provides funding of approximately \$1.7 billion a year for capital development of our Nation's airports. This funding level will make a substantial contribution to meeting airport capital development needs.

The bill also authorizes funding for paying a portion of the expenses of operating and maintaining the air traffic control system. As in the past, the bill includes provisions to ensure that the primary purpose of the trust fund will be capital development and that the trust fund will not be spent disproportionately on controller salaries and other operating expenses. If there is full funding of the capital development

programs, the reported bill would permit approximately 51 percent of FAA operations to be paid for out of the trust fund. Under the bill, trust fund spending as a whole would account for 76 percent of FAA's overall budget.

Mr. Chairman, in considering this bill, it is important to remember that the trust fund is fully supported by taxes paid by aviation users, including an 8-percent tax on airline tickets and taxes on general aviation fuel. In recent years budgetary pressures have caused spending from the trust fund to be less than trust fund revenues and, as a result, a \$5 billion surplus has accumulated. The reported bill would permit this surplus to be drawn down over the next 5 years. At the end of 1992 the surplus would be reduced to approximately \$1.3 billion.

Mr. Chairman, we fully recognize that this legislation is not the only congressional action which is needed to improve air service. The Committee on Public Works and Transportation has recently reported a comprehensive consumer protection bill, the Airline Passenger Protection Act of 1987, H.R. 3051. This legislation takes a variety of steps to improve airline service, including making information available to consumers on the quality of airline service, requiring FAA and DOT to take action to deal with overscheduling and missed connections at hubs, prohibiting economic cancellations of flights, and requiring full disclosure in advertising of limitations on discount fares. We hope to bring this bill to the floor in the near future.

In conclusion, Mr. Chairman, the reported bill will make major contributions to improving the safety and efficiency of our air transportation system.

I urge my colleagues to join in helping to pass this important legislation. And I thank you for voting yesterday to allow the membership of the House to consider the off-budget amendment which will help guarantee that the funds authorized here are actually spent.

Mr. HOWARD. Mr. Chairman, I yield back the balance of my time.

Mr. HAMMERSCHMIDT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time on general debate has expired.

Pursuant to the rule, an amendment in the nature of a substitute consisting of the text of H.R. 350 is considered by titles as an original bill for the purpose of amendment under the 5-minute rule in lieu of the committee amendments now printed in the reported bill, and each title is considered as having been read.

No amendments to title II of said substitute are in order except pro forma amendments offered for the purpose of debate. Following the conclusion of consideration of title II, no further amendments are in order except the amendments printed in House Report 100-325, by and if offered by, the Member designated. Said amendments are not subject to amendment or to a demand for a division of the question, and are debatable as specified in House Report 100-325.

The Clerk will designate title I.

The text of title I is as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**TITLE I—AIRPORT AND AIRWAY IMPROVEMENT ACT AMENDMENTS**

**SECTION 101. SHORT TITLE; TABLE OF CONTENTS; AMENDMENT OF AIRPORT AND AIRWAY IMPROVEMENT ACT OF 1982; SECRETARY DEFINED.**

(a) **SHORT TITLE.**—This title may be cited as the "Airport and Airway Improvement Amendments of 1987".

(b) **TABLE OF CONTENTS.**—

**TITLE I—AIRPORT AND AIRWAY IMPROVEMENT ACT AMENDMENTS**

Sec. 101. Short title; table of contents; amendment of Airport and Airway Improvement Act of 1982; Secretary defined.

Sec. 102. Authorization of appropriations.

Sec. 103. Apportionment of funds.

Sec. 104. Criteria of primary airports.

Sec. 105. Use of funds.

Sec. 106. State sponsorship.

Sec. 107. Project costs.

Sec. 108. Project sponsorship.

Sec. 109. Grant agreements.

Sec. 110. Noise abatement.

Sec. 111. Limitation on powers.

Sec. 112. Part-time operation of flight service stations.

Sec. 113. Explosive detection K-9 teams.

Sec. 114. Inflation adjustment on collection of certain aviation fees.

Sec. 115. Declaration of policy.

Sec. 116. Inclusion of heliports as airports.

Sec. 117. Study on long-term airport capacity needs.

Sec. 118. Release of certain conditions.

Sec. 119. Restriction on grants for Burbank-Glendale-Pasadena Airport.

Sec. 120. Use of nonaviation land at Pompano Beach Airpark, Florida.

(c) **AMENDMENT OF AIRPORT AND AIRWAY IMPROVEMENT ACT OF 1982.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Airport and Airway Improvement Act of 1982.

(d) **SECRETARY DEFINED.**—As used in this Act, the term "Secretary" means the Secretary of Transportation.

**SEC. 102. AUTHORIZATION OF APPROPRIATIONS.**

(a) **AIRWAY FACILITIES AND EQUIPMENT.**—Section 506(a) is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by striking out "For the purposes of" and all that follows through "remain available until expended." and inserting in lieu thereof the following:

"(1) **GENERAL AUTHORIZATION.**—For the purposes of acquiring, establishing, and improving air navigation facilities under section 307(b) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1348(b)), there is authorized to be appropriated from the Trust Fund for fiscal years beginning after September 30, 1981, aggregate amounts not to exceed \$6,327,000,000 for fiscal years ending before October 1, 1987, \$7,704,000,000 for fiscal years ending before October 1, 1988, \$9,434,000,000 for fiscal years ending before October 1, 1989, \$11,625,200,000 for fiscal years ending before October 1, 1990, \$13,615,200,000 for fiscal years ending before October 1, 1991, and \$15,653,500,000 for fiscal years ending before October 1,

1992. Amounts appropriated under this subsection shall remain available until expended.

**"(2) PURCHASE AND INSTALLATION OF INSTRUMENT LANDING SYSTEMS.—**

**"(A) MINIMUM OBLIGATION LEVEL.—**Of amounts made available under paragraph (1) after September 30, 1987, the Secretary shall obligate not less than \$27,000,000 in fiscal year 1988, \$30,000,000 in fiscal year 1989, and \$35,000,000 in fiscal year 1990 for the purposes of purchasing and installing instrument landing systems at airports under section 307(b) of the Federal Aviation Act of 1958.

**"(B) PRIMARY AND RELIEVER AIRPORTS.—**75 percent of amounts obligated pursuant to subparagraph (A) in a fiscal year shall be made available for the purchase and installation of instrument landing systems at primary airports and reliever airports.

**"(C) OTHER AIRPORTS.—**25 percent of amounts obligated pursuant to subparagraph (A) in a fiscal year shall be made available for the purchase and installation of instrument landing systems at airports other than primary airports and reliever airports."

**(b) RESEARCH, ENGINEERING AND DEVELOPMENT, AND DEMONSTRATIONS.—**

**(1) IN GENERAL.—**Section 506(b) is amended to read as follows:

**"(b) RESEARCH, ENGINEERING AND DEVELOPMENT, AND DEMONSTRATIONS.—**

**"(1) DEMONSTRATION PROJECTS.—**The Secretary is authorized to carry out under section 312 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1353) such demonstration projects as the Secretary determines necessary in connection with research and development activities under such section.

**"(2) GENERAL AUTHORIZATION.—**For research, engineering and development, and demonstration projects and activities under section 312 of the Federal Aviation Act of 1958 and paragraph (1) of this subsection, there is authorized to be appropriated from the Trust Fund—

**"(A) for fiscal year 1988—**

**"(i) \$127,192,000 solely for air traffic control projects and activities;**

**"(ii) \$7,743,000 solely for air traffic control advanced computer projects and activities;**

**"(iii) \$9,818,000 solely for navigation projects and activities;**

**"(iv) \$21,957,000 solely for aviation weather projects and activities;**

**"(v) \$6,307,000 solely for aviation medicine projects and activities;**

**"(vi) \$24,988,000 solely for aircraft safety projects and activities; and**

**"(vii) \$3,000,000 solely for environmental projects and activities; and**

**"(B) for fiscal year 1989—**

**"(i) \$135,866,000 solely for air traffic control projects and activities;**

**"(ii) \$15,716,000 solely for air traffic control advanced computer projects and activities;**

**"(iii) \$11,395,000 solely for navigation projects and activities;**

**"(iv) \$21,797,000 solely for aviation weather projects and activities;**

**"(v) \$6,613,000 solely for aviation medicine projects and activities;**

**"(vi) \$21,013,000 solely for aircraft safety projects and activities; and**

**"(vii) \$2,600,000 solely for environmental projects and activities.**

**"(3) AUTHORITY TO TRANSFER FUNDS.—**

**"(A) UNLIMITED.—**Funds may be transferred among the projects and activities listed in paragraph (2), except that the net

funds transferred to or from any category of such projects and activities listed in paragraph (2) in any fiscal year may not exceed 10 percent of the amount authorized for such category by paragraph (2) for such fiscal year.

**"(B) AFTER NOTICE.—**In addition, the Secretary may propose transfers to or from any category of projects and activities listed in paragraph (2) exceeding 10 percent of the amount authorized for such category. An explanation of the proposed transfer must be transmitted in writing to the Committee on Science, Space, and Technology and the Committee on Appropriations of the House of Representatives and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate. The proposed transfer may be made only when—

**"(i) 30 calendar days have passed after transmission of such explanation; or**

**"(ii) each such Committee has transmitted to the Secretary written notice that such Committee has no objection to the proposed transfer.**

**"(4) MINIMUM EXPENDITURES FOR ENHANCING AIRPORT CAPACITY.—**

**"(A) GENERAL RULE.—**Notwithstanding any other provision of this subsection, of funds made available under paragraph (2) in each of fiscal years 1988 and 1989, not less than \$25,000,000 per fiscal year shall be expended for research and development on preserving and enhancing airport capacity (including research and development on improvements to airport design standards, airport maintenance, airport safety, airport operations, and airport environmental concerns) under section 312 of the Federal Aviation Act of 1958.

**"(B) REPORT.—**Not later than 60 days after the last day of each of fiscal years 1988 and 1989, the Administrator of the Federal Aviation Administration shall transmit to the Committee on Science, Space, and Technology and the Committee on Public Works and Transportation of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report demonstrating that the Administrator has complied with subparagraph (A) in such fiscal year.

**"(5) PERIOD OF AVAILABILITY.—**Amounts appropriated under this subsection shall remain available until expended."

**(2) EFFECTIVE DATE.—**The amendment made by paragraph (1) shall take effect October 1, 1987.

**(c) OTHER EXPENSES.—**

**(1) GENERAL LIMITATIONS.—**Section 506(c) is amended by adding at the end thereof the following new paragraph:

**"(3) FISCAL YEARS 1988-1992.—**

**"(A) MAXIMUM AMOUNT APPROPRIATED.—**Subject to subparagraph (B) of this paragraph, the amount appropriated from the Trust Fund for the purposes of clauses (A) and (B) of paragraph (1) of this subsection for each of fiscal years 1988, 1989, 1990, 1991, and 1992 may not exceed 50 percent of the amount of funds made available under section 505 and subsections (a) and (b) of this section for such fiscal year.

**"(B) REDUCTION IN MAXIMUM AMOUNT.—**The maximum amount which may be appropriated from the Trust Fund for the purposes of clauses (A) and (B) of paragraph (1) for any fiscal year, as determined under subparagraph (A) of this paragraph, shall be reduced by an amount equal to 3 times the excess, if any, of—

**"(i) \$3,297,000,000 in the case of fiscal year 1988, \$3,450,000,000 in the case of fiscal**

**year 1989, \$3,840,000,000 in the case of fiscal year 1990, \$3,700,000,000 in the case of fiscal year 1991, and \$3,650,000,000 in the case of fiscal year 1992, over**

**"(ii) the amount appropriated under section 505 and subsections (a) and (b) of this section for such fiscal year.**

**"(C) TRANSFER OF REDUCED FUNDS TO DISCRETIONARY FUND.—**If the maximum amount which may be appropriated from the Trust Fund for the purposes of clauses (A) and (B) of paragraph (1) for any fiscal year is reduced under subparagraph (B), there shall be available from the Trust Fund for such fiscal year and thereafter to the Secretary for making grants at the discretion of the Secretary for the purposes described in section 507(c)(2) an amount equal to the amount of such reduction."

**(2) LIMITATION ON FUNDING FOR WEATHER SERVICES.—**Section 506(d) is amended—

**(A) by striking out "\$26,700,000" and all that follows through "1986; and"; and**

**(B) by inserting before the period at the end thereof the following: "and \$30,000,000 per fiscal year for each of fiscal years 1988, 1989, 1990, 1991, and 1992".**

**(d) LIMITATION ON USES OF TRUST FUND.—**

**(1) FUNDING OF AIRPORT IMPROVEMENT PROGRAM.—**Section 506(e)(1) is amended by inserting "and section 505" before the period.

**(2) EXTENSION.—**Section 506(e)(5) is amended by striking out "1987" and inserting in lieu thereof "1992".

**(e) AIRPORT DEVELOPMENT AND PLANNING.—**Section 505(a) is amended by striking out the second sentence and inserting in lieu thereof the following: "The aggregate amounts which shall be available after September 30, 1981, to the Secretary for such grants and for grants for airport noise compatibility planning under section 103(b) of the Aviation Safety and Noise Abatement Act of 1979 and for carrying out noise compatibility programs or parts thereof under section 104(c) of such Act shall be \$5,116,700,000 of which \$475,000,000 shall be credited to the supplementary discretionary fund established by section 507(a)(3)(B) for fiscal years ending before October 1, 1987, \$6,836,700,000 for fiscal years ending before October 1, 1988, \$8,556,700,000 for fiscal years ending before October 1, 1989, \$10,255,700,000 for fiscal years ending before October 1, 1990, \$12,015,700,000 for fiscal years ending before October 1, 1991, and \$13,727,700,000 for fiscal years ending before October 1, 1992."

**(f) DISADVANTAGED BUSINESS ENTERPRISES.—**Section 505 is amended by adding at the end thereof the following new subsection:

**"(d) DISADVANTAGED BUSINESS ENTERPRISES.—**

**"(1) GENERAL RULE.—**Except to the extent that the Secretary determines otherwise, not less than 10 percent of the amounts made available under subsection (a) in a fiscal year beginning after September 30, 1987, shall be expended with small business concerns owned and controlled by socially and economically disadvantaged individuals.

**"(2) DEFINITIONS.—**For purposes of this subsection—

**"(A) SMALL BUSINESS CONCERN.—**The term 'small business concern' has the meaning such term has under section 3 of the Small Business Act (15 U.S.C. 632); except that such term shall not include any concern or group of concerns controlled by the same socially and economically disadvantaged individual or individuals which has average annual gross receipts over the preceding 3

fiscal years in excess of \$14,000,000, as adjusted by the Secretary for inflation.

"(B) **SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS.**—The term 'socially and economically disadvantaged individuals' has the meaning such term has under section 8(d) of the Small Business Act (15 U.S.C. 637(d)) and relevant subcontracting regulations promulgated pursuant thereto; except that women shall be presumed to be socially and economically disadvantaged for purposes of this subsection.

"(3) **ANNUAL LISTING OF DISADVANTAGED BUSINESS ENTERPRISES.**—Each State shall annually survey and compile a list of the small business concerns referred to in paragraph (1) and the location of such concerns in the State.

"(4) **UNIFORM CERTIFICATION.**—The Secretary shall establish minimum uniform criteria for State governments to use in certifying whether a concern qualifies for purposes of this subsection. Such minimum uniform criteria shall include but not be limited to on-site visits, personal interviews, licenses, analysis of stock ownership, listing of equipment, analysis of bonding capacity, listing of work completed, resumé of principal owners, financial capacity, and type of work performed."

(g) **CONFORMING AMENDMENTS.**—(1) Section 506(a) is further amended—

(A) in paragraph (3), as redesignated by subsection (a)(1) of this section, by inserting "SITE PREPARATION WORK.—" before "The costs of"; and

(B) adding such paragraph (3) with paragraph (1), as inserted by subsection (a)(2) of this section.

(2) Section 506(c) is further amended—

(A) in paragraph (1) by striking out "The balance" and inserting in lieu thereof "DESCRIPTION.—Subject to paragraph (3)(C) of this subsection, the balance";

(B) in paragraph (2) by inserting "FISCAL YEARS 1982-1987.—" before "The amount appropriated"; and

(C) by indenting paragraph (1) and aligning such paragraph and paragraph (2) with paragraph (3) of such section, as added by subsection (c) of this section.

(3) Section 506(e)(2) is amended by striking out "third sentence of section (c)" and inserting in lieu thereof "second sentence of subsection (c)(2)".

#### SEC. 103. APPORTIONMENT OF FUNDS.

(a) **GENERAL RULES.**—Section 507 is amended to read as follows:

##### "SEC. 507. APPORTIONMENT OF FUNDS.

"(a) **APPORTIONMENT.**—On the first day of each fiscal year for which any amount is authorized to be obligated for the purposes of section 505 of this title, the amount made available for the fiscal year under such section and not previously apportioned shall be apportioned by the Secretary as follows:

"(1) **PRIMARY AIRPORTS.**—To the sponsor of each primary airport, as follows:

"(A) \$7.80 for each of the first 50,000 passengers enplaned at the airport;

"(B) \$5.20 for each of the next 50,000 passengers enplaned at the airport;

"(C) \$2.60 for each of the next 400,000 passengers enplaned at the airport; and

"(D) \$0.65 for each additional passenger enplaned at the airport.

"(2) **CARGO SERVICE AIRPORTS.**—To the sponsor of each airport which is served by aircraft providing air transportation of only property (including mail) with an aggregate annual landed weight in excess of 500,000,000 pounds, \$50,000,000 of the amount made available under section 505 for such fiscal year as follows: In the pro-

portion which the aggregate annual landed weight of all such aircraft landing at each such airport bears to the total aggregate annual landed weight of all such aircraft landing at all such airports.

"(3) **STATES.**—To the States, 12 percent of the amount made available under section 505 for such fiscal year, as follows:

"(A) **INSULAR AREAS.**—For airports, other than primary airports, 1 percent of such amounts to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands.

"(B) **STATES.**—For airports, other than primary airports and airports described in section 508(d)(3),  $\frac{1}{2}$  of the remaining 99 percent in the proportion which the population of each State (other than a State to which subparagraph (A) applies) bears to the total population of all such States and  $\frac{1}{2}$  of the remaining 99 percent in the proportion which the area of each such State bears to the total area of all such States.

"(b) **SPECIAL RULES.**—

"(1) **MAXIMUM AND MINIMUM AMOUNTS FOR PRIMARY AIRPORTS.**—The Secretary shall not apportion less than \$300,000 nor more than \$16,000,000 under subsection (a)(1) to an airport sponsor for any primary airport for any fiscal year.

"(2) **LIMITATION ON TOTAL APPORTIONMENTS TO PRIMARY AND CARGO SERVICE AIRPORTS.**—

"(A) **GENERAL RULE.**—In no event shall the total amount of all apportionments under subsections (a)(1) and (a)(2) for any fiscal year exceed 49.5 percent of the amount authorized to be obligated for such fiscal year for the purposes of section 505 of this title.

"(B) **DISTRIBUTION.**—In any case in which apportionments in a fiscal year would be reduced by subparagraph (A), the Secretary shall for such fiscal year reduce the apportionment to each sponsor of an airport under subsections (a)(1) and (a)(2) proportionately so that such 49.5 percent amount is achieved.

"(3) **AFFECT OF OBLIGATION CEILING ON PRIMARY AND CARGO SERVICE APPORTIONMENTS.**—

"(A) **OVERALL LIMIT.**—If any Act of Congress has the effect of limiting or reducing the amount authorized or available to be obligated for any fiscal year for the purposes of section 505 of this title, the total amount of all apportionments under subsections (a)(1) and (a)(2) for such fiscal year shall not exceed 49.5 percent of such limited or reduced amount.

"(B) **DISTRIBUTION.**—In any case in which apportionments in a fiscal year would be reduced by subparagraph (A), the Secretary shall for such fiscal year reduce the apportionment to each sponsor of an airport under subsections (a)(1) and (a)(2) proportionately so that such 49.5 percent amount is achieved.

"(4) **MAXIMUM PERCENTAGE OF APPORTIONMENTS TO ANY CARGO SERVICE AIRPORT.**—The Secretary shall not apportion to the sponsor of any airport more than 8 percent of the total amount of apportionments under subsection (a)(2) for any fiscal year.

"(5) **TREATMENT OF ALASKA.**—

"(A) **ALTERNATIVE APPORTIONMENT FORMULA.**—Notwithstanding any other provision of subsection (a), for any fiscal year for which funds are made available under section 505 of this title the Secretary may apportion funds for airports in the State of Alaska in the same manner in which funds were apportioned in fiscal year 1980 under section 15(a) of the Airport and Airway Development Act of 1970.

"(B) **MINIMUM APPORTIONMENT.**—In no event shall the total amount apportioned

for such airports under this paragraph for any fiscal year be less than the minimum amounts that were required to be apportioned to such airports in fiscal year 1980 under section 15(a)(3)(A) of such Act.

"(C) **HOLD HARMLESS.**—In no event shall a primary airport be apportioned less under this paragraph for a fiscal year than it would be apportioned for such fiscal year under subsection (a)(1).

"(D) **EXPENDITURES AT COMMERCIAL SERVICE AIRPORTS.**—In no event shall the amount of funds apportioned under this paragraph which are expended at any commercial service airport in the State of Alaska during a fiscal year exceed 110 percent of the amount apportioned to such airport for such fiscal year.

"(E) **DISCRETIONARY FUNDING.**—Nothing in this paragraph shall be construed as prohibiting the Secretary from making additional project grants to airports in the State of Alaska from the discretionary fund established by subsection (c).

"(c) **DISCRETIONARY FUND.**—

"(1) **ESTABLISHMENT.**—Subject to section 508(d) and paragraph (2) of this subsection any amounts—

"(A) which are made available for a fiscal year under section 505,

"(B) which have not been previously apportioned by the Secretary, and

"(C) which are not apportioned under subsections (a) and (b)(5) of this subsection,

shall constitute a discretionary fund to be distributed at the discretion of the Secretary. Such discretionary fund shall be used for making grants for any of the purposes for which funds are made available under section 505 as the Secretary considers most appropriate for carrying out the purposes of this title.

"(2) **LEVEL OF FUNDING FOR PRESERVING AND ENHANCING CAPACITY, SAFETY, AND SECURITY.**—Subject to section 508(d) and paragraph (4) of this subsection, not less than 75 percent of the funds in the discretionary fund pursuant to paragraph (1) and distributed by the Secretary under this subsection in a fiscal year beginning after September 30, 1987, shall be used for making grants for any of the following purposes: preserving and enhancing capacity, safety, and security at primary airports and reliever airports and carrying out airport noise compatibility planning and programs at primary airports and reliever airports.

"(3) **SELECTION CRITERIA.**—In selecting projects for grants described in paragraph (2) for preserving and enhancing capacity at airports, the Secretary shall consider each proposed project's effect on overall national air transportation system capacity, project benefit and cost, and the financial commitment of the airport operator or other non-Federal funding sources to preserve or enhance airport capacity.

"(4) **LIMITATION.**—If the Secretary determines that he will not be able to comply with the percentage requirement established by paragraph (2) in any fiscal year because the number of qualified applications submitted in compliance with this title is insufficient to meet such percentages, the portion of funds which the Secretary determines will not be so distributed shall be available for obligation during such fiscal year without regard to such requirement.

"(d) **CALENDAR YEAR AS BASIS FOR DETERMINING CERTAIN APPORTIONMENTS.**—

"(1) **PASSENGERS ENPLANED.**—For purposes of determining apportionments for any fiscal year under subsection (a)(1), the

number of passengers enplaned at an airport shall be based on the number of passengers enplaned at such airport during the preceding calendar year.

"(2) LANDED WEIGHT.—For purposes of determining apportionments for any fiscal year under subsection (a)(2), the landed weight of aircraft landing at an airport referred to in subsection (a)(2) shall be based on the landed weight of aircraft landing at such airport and all such airports during the preceding calendar year.

"(c) DEFINITIONS.—As used in subsection (a)(3)—

"(1) POPULATION.—The term 'population' means the population according to the latest decennial census of the United States.

"(2) AREA.—The term 'area' includes both land and water."

(b) LANDED WEIGHT DEFINED.—Section 503(a) is amended—

(1) by redesignating paragraphs (9) through (24), and any references thereto, as paragraphs (10) through (25); and

(2) by inserting after paragraph (8) the following new paragraph:

"(9) 'Landed weight' means the weight of aircraft providing scheduled and nonscheduled service of only property (including mail) in intrastate, interstate, and foreign air transportation, as shall be determined by the Secretary pursuant to such regulations as the Secretary may prescribe."

(c) CONFORMING AMENDMENTS.—

(1) SECTION 505.—Section 505(a) is amended by striking out "sections 507(a)(1), (2), (3)(A), or" and inserting in lieu thereof "sections 507(a)(1), 507(a)(2), 507(a)(3), 507(c), and".

(2) SECTION 508.—Section 508 is amended—

(A) in subsection (a) by striking out "paragraph (1), (2), or (4) of section 507(a)" and inserting in lieu thereof "subsection (a) or (b)(5) of section 507";

(B) in subsection (a) by striking out "507(a)(3)" and inserting in lieu thereof "507(c)";

(C) in subsection (c) by striking out "507(a)(2)" each place it appears and inserting in lieu thereof "507(a)(3)";

(D) in subsection (d)(3) by striking out "paragraph (4) of section 507(a)" and inserting in lieu thereof "section 507(b)(5)"; and

(E) in subsection (e)(1) by striking out "507(a)" and inserting in lieu thereof "507(a) or (b)(5)".

(3) SECTION 509.—Section 509 is amended—

(A) in subsection (a)(2) by striking out "507(a)" and inserting in lieu thereof "507"; and

(B) in subsection (e) by striking out "507(a)(1)" and inserting in lieu thereof "507(a)(1) or (a)(2)".

(4) SECTION 512.—Section 512(a) is amended by striking out "507(a)(1)" and inserting in lieu thereof "507(a)(1) or (a)(2)".

(5) SECTION 513.—Section 513(b) is amended—

(A) in paragraph (2) by striking out "507(a)(3)" and inserting in lieu thereof "507(c)"; and

(B) in paragraph (4) by striking out "507(a)" and inserting in lieu thereof "507(a) or (b)(5)".

(6) SECTION 101 OF NOISE ABATEMENT ACT.—Section 101(1) of the Aviation Safety and Noise Abatement Act of 1979 is amended by striking out section "503(17)" and inserting in lieu thereof "503(18)".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect October 1, 1987, and apply to fiscal years beginning on and after such date.

#### SEC. 104. CRITERIA OF PRIMARY AIRPORTS.

(a) PRIMARY AIRPORT DEFINED.—Section 503(a)(12), as redesignated by section 3(b)(1) of this Act, is amended by striking out ".01 percent" and all that follows through the period at the end thereof and inserting in lieu thereof the following: "more than 18,000 passengers enplaned annually."

(b) REDUCTION IN SET ASIDE FOR SMALL AIRPORTS.—Section 508(d)(3) is amended by striking out "5.5 percent" each place it appears and inserting in lieu thereof "4 percent".

#### SEC. 105. USE OF FUNDS.

(a) NOISE COMPATIBILITY PLANNING AND PROGRAMS.—Section 508(d)(2) is amended by striking out "8 percent" and inserting in lieu thereof "10 percent".

(d) INTEGRATED AIRPORT SYSTEM PLANNING.—Section 508(d)(4) is amended by striking out "one percent" and inserting in lieu thereof "½ of 1 percent".

#### SEC. 106. STATE SPONSORSHIP.

Section 509(a) is amended by adding at the end thereof the following new paragraph:

"(3) STATE SPONSORSHIP.—Nothing in this title shall preclude a State from submitting, as sole sponsor, a project application under this title for an airport development project benefitting 2 or more airports in the State or airport planning for similar projects at 2 or more airports in the State if—

"(A) the sponsors of such airports consent in writing to State sponsorship of such projects or planning;

"(B) the Secretary is satisfied that there is administrative merit and aeronautical benefit to State sponsorship of such projects or planning; and

"(C) an acceptable agreement exists to ensure compliance by the State with appropriate grant conditions and other assurances required by the Secretary."

#### SEC. 107. PROJECT COSTS.

(a) AUTHORITY TO MODIFY CERTAIN LIMITATIONS ON EXPENDITURES FOR TERMINAL DEVELOPMENT.—Section 513(b) is amended by adding at the end thereof the following new paragraph:

"(7) MODIFICATION OF CERTAIN LIMITATIONS.—The Secretary may increase—

"(A) the maximum amount which, pursuant to the first sentence of paragraph (2), may be obligated in a fiscal year by the sponsor of an airport for project costs allowable under paragraph (1) to the amount apportioned under section 507(a)(1) to such sponsor for such fiscal year; and

"(B) the maximum United States share of project costs at such airport specified in paragraph (5) to 75 percent;

if the Secretary determines that such increases are in the public interest."

(b) COSTS NOT ALLOWED.—Section 513(c) is amended—

(1) by striking out "or" the first place it appears; and

(2) by inserting before the period the following: "; or (3) the cost of decorative landscaping or the provision or installation of sculpture or art works".

(c) REIMBURSEMENT FOR CERTAIN ADVANCE EXPENDITURES.—Section 513 is amended by adding at the end thereof the following new subsection:

"(d) REIMBURSEMENT FOR CERTAIN ADVANCE EXPENDITURES.—

"(1) LETTERS OF INTENT.—

"(A) ANNOUNCEMENT OF INTENTION.—The Secretary is authorized to announce an intention to obligate for an airport development project (including formulation of the

project) at a primary airport or a reliever airport under this subsection through the issuance of a letter of intent to the applicant.

"(B) SCHEDULE OF REIMBURSEMENT.—Subject to the provisions of this paragraph, a letter of intent issued under this paragraph shall establish a schedule under which the Secretary will make payments under paragraph (2) of this subsection to the sponsor of the airport at which the airport development project will be carried out.

"(C) LIMITATION ON PROJECTS ELIGIBLE FOR ADVANCE FUNDING.—The provisions of this subsection only apply to an airport development project which will be carried out in accordance with all applicable statutory and administrative requirements which would be applicable to the project if the project were being carried out with funds made available under this title and which the Secretary determines will result in a significant enhancement of system-wide airport capacity and meets the criteria of section 507(c)(3).

"(D) LIMITATION ON EFFECT.—An action under subparagraph (A) shall not be deemed an obligation of the United States Government under section 1501 of title 31, United States Code, and a letter of intent issued under this paragraph shall not be deemed to be an administrative commitment for funding.

"(E) TREATMENT OF LETTER.—A letter of intent under this paragraph shall be regarded as an intention to obligate from future budget authority not to exceed an amount stipulated as the United States share of allowable project costs for the project under this subsection. No obligation or administrative commitment may be made pursuant to such a letter of intent except as funds are provided in authorization and appropriation Acts.

"(F) LIMITATIONS ON AGGREGATE AMOUNT.—The total estimated amount of future Federal obligations covered by all outstanding letters of intent under this paragraph shall not exceed the amount authorized to carry out section 505(a), less an amount reasonably estimated by the Secretary to be necessary for grants under section 505(a) which are not covered by a letter of intent.

"(2) REIMBURSEMENT.—If the Secretary issues under paragraph (1) a letter of intent to obligate funds for an airport development project (including formulation of the project) at a primary airport or reliever airport and if the sponsor of such airport proceeds with such project without the aid of funds under this title, the Secretary shall pay, as funds become available, the sponsor for the United States share of allowable project costs payable on account of such project in accordance with such letter of intent."

"(2) REIMBURSEMENT.—If the Secretary issues under paragraph (1) a letter of intent to obligate funds for an airport development project (including formulation of the project) at a primary airport or reliever airport and if the sponsor of such airport proceeds with such project without the aid of funds under this title, the Secretary shall pay, as funds become available, the sponsor for the United States share of allowable project costs payable on account of such project in accordance with such letter of intent."

"(2) REIMBURSEMENT.—If the Secretary issues under paragraph (1) a letter of intent to obligate funds for an airport development project (including formulation of the project) at a primary airport or reliever airport and if the sponsor of such airport proceeds with such project without the aid of funds under this title, the Secretary shall pay, as funds become available, the sponsor for the United States share of allowable project costs payable on account of such project in accordance with such letter of intent."

#### SEC. 108. PROJECT SPONSORSHIP.

(a) NONDISCRIMINATION ASSURANCE.—Section 511(a)(1)(A) is amended—

(1) by inserting "with respect to facilities directly and substantially related to providing air transportation" after "and other charges";

(2) by striking out "and combined passenger and cargo flights or all cargo flights," and inserting in lieu thereof "and signatory carriers and nonsignatory carriers.";

(3) by inserting "or signatory" after "or status as tenant"; and

(4) by striking out "on tenant air carriers," and inserting in lieu thereof "on air carriers in such classification or status".

(b) APPROVAL OF NONAERONAUTICAL CLOSING OF AIRPORTS.—Section 511(a)(3) is

amended by inserting before the semicolon the following: ", and any proposal to temporarily close the airport for nonaeronautical purposes must first be approved by the Secretary".

(c) **TERMINAL AIRSPACE ASSURANCE.**—Section 511(a)(4) is amended to read as follows:

"(4) appropriate action will be taken to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards;"

(d) **REVENUE ASSURANCE.**—Section 511(a)(12) is amended to read as follows:

"(12) all revenues generated by the airport, if it is a public airport, and any local taxes on aviation fuel will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities which are owned or operated by the owner or operator of the airport and directly and substantially related to the actual air transportation of passengers or property; except that if covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in the governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all other revenues generated by the airport shall not apply;"

(e) **DISPOSAL OF LAND ASSURANCES.**—Section 511(a) is amended by striking out paragraph (13) and inserting in lieu thereof the following new paragraphs:

"(13) if the airport operator or owner receives a grant before, on, or after the date of the enactment of this paragraph for the purchase of land for airport noise compatibility purposes—

"(A) the owner or operator will, when the land is no longer needed for such purposes, dispose of such land at fair market value at the earliest practicable time;

"(B) such disposition will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with the operation of the airport; and

"(C) that portion of the proceeds of such disposition which is proportionate to the United States share of the cost of acquisition of such land will, at the discretion of the Secretary—

"(i) be paid to the Secretary for deposit in the Trust Fund; or

"(ii) be reinvested in an approved noise compatibility project as prescribed by the Secretary;

"(14) if the airport operator or owner receives a grant before, on, or after the date of the enactment of this paragraph for the purchase of land for airport purposes (other than noise compatibility purposes)—

"(A) the owner or operator will, when the land is no longer needed for airport purposes, dispose of such land at fair market value;

"(B) such disposition will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which

are compatible with noise levels associated with the operation of the airport; and

"(C) that portion of the proceeds of such disposition which is proportionate to the United States share of the cost of acquisition of such land will be paid to the Secretary for deposit in the Trust Fund;"

(f) **AIRPORT LAYOUT PLAN ASSURANCE.**—Section 511(a) is amended by adding at the end thereof the following new paragraph:

"(15) the airport owner or operator will keep up to date at all times a layout plan of the airport which meets the following requirements—

"(A) the plan will be in a form prescribed by the Secretary;

"(B) before the plan and an amendment, revision, or modification thereof may take effect, the plan, amendment, revision, or modification will be submitted to, and receive approval of, the Secretary;

"(C) the owner or operator will not make or permit any changes or alterations in the airport or in any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary or which might, in the opinion of the Secretary, adversely affect the safety, utility, or efficiency of the airport;

"(D) if a change or alteration in the airport or its facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport, the owner or operator will, if requested by the Secretary—

"(i) eliminate such adverse effect in a manner approved by the Secretary; or

"(ii) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities; and"

(g) **ASSURANCE RELATING TO CONTRACTING FOR ENGINEERING AND DESIGN SERVICES.**—Section 511(a) is amended by adding at the end thereof the following new paragraph:

"(16) each contract or subcontract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping, or related services with respect to the project will be awarded in the same manner as a contract for architectural and engineering services is negotiated under title IX of the Federal Property Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport."

(h) **CONSULTATION REQUIREMENT.**—Section 511(c) is amended by striking out "shall undertake" and all that follows through the period and by inserting in lieu thereof the following: "shall undertake, before submission of the project application to the Secretary, reasonable consultations with affected parties using the airport by providing notice and an opportunity for comment by the person designated by each such party to represent such party for such purpose."

(i) **USE OF STATE TAXES ON AVIATION FUEL.**—Section 511 is amended by adding at the end thereof the following new subsection:

"(d) **USE OF STATE TAXES ON AVIATION FUEL.**—Nothing in subsection (a)(12) of this section shall preclude the use of State taxes on aviation fuel to support a State aviation program or preclude use of airport revenue on or off the airport for noise mitigation purposes."

(j) **USE OF LAND DISPOSAL FUNDS.**—Section 511 is amended by adding at the end thereof the following new subsection:

"(e) **USE OF LAND DISPOSAL FUNDS.**—

"(1) **AIRPORT NOISE COMPATIBILITY LANDS.**—Amounts deposited in the Trust Fund in accordance with subsection (a)(13) of this section shall be available to the Secretary for making grants for airport development and airport planning under section 505(a). Such amounts shall be in addition to amounts made available to the Secretary under section 505 and not subject to the apportionment provisions of sections 507(a) and 507(b)(5).

"(2) **OTHER AIRPORT LANDS.**—Amounts deposited in the Trust Fund in accordance with subsection (a)(14) of this section—

"(A) shall be available to the Secretary for making grants at the discretion of the Secretary for the purposes described in section 507(c)(2) at primary airports and reliever airports; and

"(B) shall be available to the Secretary for use in accordance with section 507(a)(3) at other airports in the State in which the land disposition occurred under subsection (a)(14) and shall be in addition to amounts made available to the Secretary under section 505 and not subject to the apportionment provisions of sections 507(a) and 507(b)(5)."

(k) **PROCEDURES FOR MODIFYING ASSURANCES.**—Section 511 is amended by adding at the end thereof the following new subsection:

"(f) **PROCEDURES FOR MODIFYING ASSURANCES.**—If the Secretary proposes to modify any assurance required of a person receiving a grant under this Act and in effect on or after the date of the enactment of this subsection or proposes to require compliance with any additional assurance from such person, the Secretary shall first—

"(1) publish notice of such proposal in the Federal Register, and

"(2) provide an opportunity for comment on such proposal."

**SEC. 109. GRANT AGREEMENTS.**

(a) **MAXIMUM OBLIGATION OF THE UNITED STATES.**—Section 512(b) is amended to read as follows:

"(b) **MAXIMUM OBLIGATION OF THE UNITED STATES.**—

"(1) **GENERAL RULE.**—Subject to paragraphs (2) and (3) of this subsection, when an offer is accepted in writing by a sponsor, the amount stated in the offer as the maximum obligation of the United States may not be increased.

"(2) **EXCEPTIONS FOR FISCAL YEARS 1987 AND BEFORE.**—The maximum obligation of the United States under this subsection with respect to a project receiving assistance under a grant approved under this Act on or before September 30, 1987, may be increased—

"(A) by not more than 10 percent in the case of a project for airport development (other than a project for land acquisition);

"(B) by an amount not to exceed 50 percent of the total increase in allowable project costs attributable to an acquisition of land or interests in land, based upon current credible appraisals.

Any increase under this section may be paid only from funds recovered by the United States from other grants made under this title.

"(3) **EXCEPTIONS FOR FISCAL YEARS 1988 AND THEREAFTER.**—The maximum obligation of the United States under this subsection with respect to a project receiving assistance

under a grant approved after September 30, 1987, may be increased by not more than 15 percent in the case of a project for airport development."

(b) WORKSCOPE.—Section 512 is amended by adding at the end thereof the following new subsection:

"(d) WORKSCOPE.—The Secretary may amend, with the consent of the grant recipient, a grant agreement entered into under this title to change the workscope of a project funded under such grant if such amendment does not result in any increase in the maximum obligation of the United States authorized under subsection (b) of this section."

(c) CONFORMING AMENDMENT.—Section 512(c) is amended by inserting "MAXIMUM OBLIGATION FOR GRANTS UNDER THE AIRPORT AND AIRWAY DEVELOPMENT OF 1970.—" before "Notwithstanding".

SEC. 110. NOISE ABATEMENT.

(a) REASONABLE PROGRESS REQUIREMENT.—Section 505(c) is amended to read as follows:

"(c) NOISE ABATEMENT REASONABLE PROGRESS REQUIREMENT.—

"(1) GENERAL RULE.—If the Secretary finds that the sponsor, owner, or operator of a public-use airport which is to receive funds made available under this section in a fiscal year is not making reasonable progress towards development and implementation of a noise compatibility program under section 104 of the Aviation Safety and Noise Abatement Act of 1979 at such airport, the Secretary shall make available 10 percent of the funds to be apportioned, with respect to such airport in such fiscal year to units of local government and public agencies in the area surrounding such airport for grants under subsection (c) of such section 104 for carrying out—

"(A) a noise compatibility program or parts thereof with respect to such airport; or

"(B) in any case in which such a program has not been approved under such Act with respect to such airport, a project with respect to such airport which would be eligible for funding under such Act if such a program were so approved.

"(2) LIMITATION.—If the Secretary determines that he will not be able to comply with the percentage requirement established by paragraph (1) in any fiscal year because the number of qualified applications submitted under paragraph (1) is insufficient to meet such requirement, the portion of funds which the Secretary determines will not be so distributed shall be available for obligation during such fiscal year without regard to such requirement.

"(3) EXCEPTION.—Since airport noise abatement planning requires the cooperation of all parties responsible for the noise, the general rule established by paragraph (1) shall not be applied where the Secretary determines that the lack of progress towards development of a plan has been primarily caused by a lack of cooperation by the airlines, impacted communities, and other involved parties."

(b) NOTICE AND HEARING REQUIREMENT.—The first sentence of section 104(a) of the Aviation Safety and Noise Abatement Act of 1979 is amended by inserting after "any air carriers using such airport" the following: "and after notice and an opportunity for a public hearing".

(c) FEDERAL SHARE.—Section 104(c)(1) of the Aviation Safety and Noise Abatement Act of 1979 is amended by inserting before the period at the end of the fourth sentence the following: "or the Federal share which

would be applicable to such project if the funds made available for such project were being made available under the Airport and Airway Improvement Act of 1982 for a project at the airport, whichever percentage is greater".

(d) SOUNDPROOFING OF SCHOOLS AND HOSPITALS.—Section 104(c) of the Aviation Safety and Noise Abatement Act of 1979 is amended by adding at the end thereof the following new paragraph:

"(3) The Secretary is authorized under this section to make grants to operators of airports and to units of local government referred to in paragraph (1) for any project to soundproof any public building (A) which is used primarily for educational or medical purposes in the noise impact area surrounding such airport, and (B) which is determined to be adversely affected by airport noise."

(e) NOISE ABATEMENT STUDY.—

(1) REVIEW OF EXISTING PROPOSALS.—The Administrator of the Federal Aviation Administration shall conduct a study of noise abatement proposals under consideration by airport operators and local governments for the purpose of identifying those proposals which, under existing law or administrative policy, are not currently eligible for Federal assistance and determining whether or not such proposals should be made eligible for Federal assistance.

(2) REPORT.—Not later than the 180th day following the date of the enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit to Congress a report on the results of the study conducted under paragraph (1) together with recommendations concerning modifications in existing law and administrative policy for making additional noise abatement proposals eligible for Federal assistance.

(f) CONFORMING AMENDMENT.—Section 508(d)(2) is amended—

(1) by striking out "(A)"; and  
(2) by striking out ", and (B) in the case of fiscal year 1982, for any of the purposes set forth in section 505(c) of this title".

SEC. 111. LIMITATION ON POWERS.

Section 519 is amended—

(1) by inserting "(a) GENERAL RULE.—" before "The Secretary"; and

(2) by adding at the end thereof the following new subsection:

"(b) LIMITATIONS.—

"(1) WITHHOLDING OF APPROVAL.—The Secretary may not withhold approval of a grant application for funds apportioned under sections 507(a)(1), 507(a)(2), and 507(b)(5) for a violation of this title unless (A) the Secretary provides the applicant with an opportunity for a hearing, and (B) within 90 days after the date of such application or the date the Secretary first knows of such noncompliance, whichever is later, the Secretary makes a determination that the violation has occurred.

"(2) WITHHOLDING OF PAYMENT.—The Secretary may not withhold a payment under any grant agreement entered into under this title for more than 60 days after the date such payment is due—

"(A) without providing the recipient of such payment with notice and an opportunity for a hearing; and

"(B) without determining that the grant recipient has violated such agreement.

"(3) EXTENSION OF TIME LIMITS.—The time limits established by paragraphs (1) and (2) of this section may be extended—

"(A) by mutual agreement of the Secretary and the grant applicant or recipient, as the case may be; or

"(B) at the discretion of the hearing officer if the hearing officer determines that such extension is necessary as a result a failure of the applicant or recipient to adhere to the hearing schedule established by such officer.

"(4) JUDICIAL REVIEW.—A person aggrieved by an order of the Secretary withholding (A) approval of a grant application under paragraph (1), or (B) a payment under a grant agreement under paragraph (2), may obtain review of the order by petition to the Court of Appeals for the District of Columbia Circuit or the court of appeals for the circuit in which the project is located. Such petition shall be filed not later than 60 days after the date on which the order is served on the petitioner."

SEC. 112. PART-TIME OPERATION OF FLIGHT SERVICE STATIONS.

Section 528 is amended to read as follows:

"SEC. 528. PART-TIME OPERATION OF FLIGHT SERVICE STATIONS.

"On or after the date of the enactment of the Airport and Airway Improvement Amendments of 1987, the Secretary shall not close, or reduce the hours of operation of, any flight service station in any area unless the service provided in such area after the closure of such station or during the hours such station is not in operation will be provided by an automated flight service station with model 1 or better equipment."

SEC. 113. EXPLOSIVE DETECTION K-9 TEAMS.

Section 529 is amended—

(1) in the first sentence by striking out "shall" and inserting in lieu thereof "may"; and

(2) by striking out the second sentence.

SEC. 114. INFLATION ADJUSTMENT ON COLLECTION OF CERTAIN AVIATION FEES.

Section 334 of title 49, United States Code, is amended by inserting before the period at the end of the first sentence the following: ", adjusted in proportion to changes in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor between January 1, 1973, and the date the charge is imposed".

SEC. 115. DECLARATION OF POLICY.

(a) COMPREHENSIVE AIR SPACE PLAN.—Section 502(a)(4) is amended—

(1) by inserting ", a vertical visual guidance system," after "precision approach system"; and

(2) by inserting "distance-to-go signs for each primary and secondary runway, a surface movement radar system at each category III airport, a taxiway lighting and sign system," after "vertical guidance on all runways."

(b) LIMITATION ON ARTIFICIAL RESTRICTIONS ON AIRPORT CAPACITY.—Section 502(a) is amended—

(1) by striking out "and" at the end of paragraph (8);

(2) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(10) artificial restrictions on airport capacity are not in the public interest and should not be imposed to alleviate air traffic delays unless other reasonably available and less burdensome alternatives have first been attempted."

(C) SENSE OF CONGRESS.—It is the sense of Congress that any regulation under which the Administrator of the Federal Aviation Administration limits the number of instrument flight rule takeoffs and landings of aircraft at certain airports should be phased out and eliminated at the earliest practicable date the Administrator finds that such phaseout or elimination is consistent with aviation safety.

SEC. 116. INCLUSION OF HELIPORTS AS AIRPORTS. Section 503(a)(1), relating to the definition of airport, is amended—

(1) by inserting "(A)" before "means"; and  
(2) by inserting "and (B) includes any heliport" before the period.

SEC. 117. STUDY ON LONG-TERM AIRPORT CAPACITY NEEDS.

(a) STUDY.—The Secretary shall conduct a study for the purpose of developing an overall airport system plan through the year 2010 which will assure the long-term availability of adequate airport system capacity.

(b) REPORT.—Not later than January 1, 1990, the Secretary shall transmit to Congress a report on the results of the study conducted under subsection (a) together with the plan developed under such subsection.

(c) FUNDING.—There shall be available to the Secretary from the Airport and Airway Trust Fund \$250,000 per fiscal year for each of fiscal years 1988 and 1989 for carrying out this section. Such funds shall remain available until expended.

SEC. 118. RELEASE OF CERTAIN CONDITIONS.

(a) STAPLETON INTERNATIONAL AIRPORT, DENVER, COLORADO.—Notwithstanding section 16 of the Federal Airport Act (as in effect on the date of each conveyance referred to in this subsection) with respect to such conveyance, the Secretary is authorized, subject to the provisions of section 4 of the Act of October 1, 1949 (63 Stat. 700; 50 U.S.C. App. 1622c), and the provisions of subsection (b) of this section, to grant release—

(1) from any of the terms, conditions, reservations, and restrictions contained in each deed of conveyance under which the United States conveyed property to the city and county of Denver, Colorado, on which portions of Stapleton International Airport are located; and

(2) from any assurance made by the sponsor of such airport for a grant under the Airport and Airway Improvement Act of 1982 for a project at such airport.

(b) CONDITIONS.—Any release granted by the Secretary under paragraph (1) of this subsection shall be subject to the following conditions:

(1) The city and county of Denver, Colorado, shall agree that in conveying any interest in the property which the United States conveyed to the city and county by the deeds described in subsection (a) the city and county will receive an amount for such interest which is equal to the fair market value (as determined pursuant to regulations issued by the Secretary).

(2) Any such amount so received by the city and county shall be used by the city and county for the development, construction, and improvement of a new Denver air carrier airport and a reliever airport in the event that the operation of the new air carrier airport severely restricts the operation of the nearby reliever airport. In no event shall such amount be used for operation or maintenance of such airports.

(3) The city and county shall agree not to convey any interest in the property which the United States conveyed to the city and

county by the deeds described in subsection (a) until the opening and initial operation of a primary airport to replace Stapleton International Airport, unless the Secretary determines that any such property is not essential for the operation of Stapleton International Airport.

SEC. 119. RESTRICTION ON GRANTS FOR BURBANK- GLENDALE-PASADENA AIRPORT.

(a) GENERAL RULE.—The Secretary shall not make a grant under the Airport and Airway Improvement Act of 1982 for an airport development project involving the Burbank-Glendale-Pasadena Airport, Burbank, California, until the Burbank-Glendale-Pasadena Airport Authority—

(1) adopts a plan for the use of such airport and the navigable airspace in the vicinity of such airport which requires such authority to request the Administrator of the Federal Aviation Administration to allocate runway use at such airport so that as many of the flights which depart from such airport each day and are determined by the Administrator as being feasible and safe shall depart from the runway at such airport known as runway number 7; and

(2) enters into an agreement satisfactory to the Secretary which ensures that such plan will remain in effect during the shorter of—

(A) the period beginning on the date of approval of such grant application and ending on the last day of the useful life of such project, and

(B) the 20-year period beginning on such date of approval.

(b) LIMITATION.—A plan adopted under subsection (a) shall not require the ratio of—

(1) the total number of flights which depart from runway number 7 at the Burbank-Glendale-Pasadena Airport in a day, to

(2) the total number of flights which depart from such airport in such day, to exceed 1 to 2.

SEC. 120. USE OF NONAVIATION LAND AT POMPAÑO BEACH AIRPARK, FLORIDA.

Notwithstanding any other provision of law, the Federal Aviation Administration shall not take any action (1) to compel the city of Pompano Beach, Florida, to redesignate any land designated as nonaviation use land at the Pompano Beach Airpark as of November 1, 1966, or (2) to revert such land to the Federal Government.

The CHAIRMAN. Are there any amendments to title I?

AMENDMENT OFFERED BY MR. LUJAN

Mr. LUJAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUJAN: Amend section 102(b) by adding on page 7 after line 4 the following:

"(C) for fiscal year 1990, \$222,000,000;

"(D) for fiscal year 1991; \$230,000,000; and

"(E) for fiscal year 1992, \$238,000,000.

Mr. LUJAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. LUJAN. Mr. Chairman, my amendment will extend the authorization for the research, engineering, and development in this bill to 5 years. It

will provide \$222 million for fiscal year 1990, \$230 million for 1991, and \$238 million for fiscal year 1992. These are the projected funding requirements provided by the FAA which are what the 1989 figure is based on also.

The bill already contains a 5-year authorization for airway facilities and equipment and also for the airport improvement and noise programs. My amendment will make the research, engineering, and development authorization consistent with the remainder of the bill.

The R&D funding in this bill provides the front end funding for the whole NAS plan; the facilities and equipment programs authorized in this bill rely on the successful completion of the R&D programs. Mr. Chairman, it makes no sense to authorize funding for the operational hardware without first authorizing the necessary research and development programs. This, it seems to me, is backwards. Last year the Science and Technology Committee held 4 days of hearings to address the issue of funding for research programs, and although it was primarily directed at science projects, the conclusions drawn from the hearings are clearly applicable to this program as well.

Long-term R&D projects need the long-term funding commitment that a 5-year authorization would provide. I am certainly not suggesting that we shorten the authorization for procuring the hardware. I fully support the 5-year authorization that was reported out of Public Works. However, the justification given for a 5-year authorization for facilities and equipment is equally valid for the research program.

Our experience with the previous airport and airway bill certainly does not support the need for a biannual authorization. The authorized funding levels were nearly always cut by the administration and the Appropriation Committee. The Science Committee had annual oversight hearings and never found it necessary to increase the funding levels. Moreover, had it been necessary to do so it would have been no more difficult to introduce the necessary legislation than it would have been in the absence of the authorization.

There is no justification to further crowd an already overcrowded legislative calendar by the need to act on additional authorization legislation that could just as easily be dealt with today.

The 5-year authorization has the almost unanimous support of the aviation community, and I ask my colleagues to support this amendment.

Mr. McCURDY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have to reluctantly rise in opposition to the amendment

offered by the gentleman from New Mexico [Mr. LUJAN], my good friend.

I rise reluctantly, because I know the gentleman is extremely serious in the gentleman's concerns, and has always been a very diligent member of the full committee.

I rise in opposition, however, because I believe that the gentleman's amendment is not appropriate to this bill for a number of reasons.

I think the gentleman knows, as do many of the Members of the House, that the gentleman from Oklahoma, as chairman of the subcommittee, but also as a member of the Committee on Armed Services, has been a proponent of extended authorizations.

As a matter of fact, I authored the amendment last year for a 2-year authorization for the defense bill; and I believe that we have to have stability.

It is important that we move beyond merely 1-year authorizations. However, in the area of research and development, I believe that a 2-year authorization is sufficient, and perhaps may be stretching the limit of that authorization process, primarily because in the area of research and development, we are not talking about mature systems.

We are not talking about mature technologies, and, because of that, I think it is important that we continue to take periodic snapshots and review the progress, relative progress, of those research and development programs.

The other point that I would raise in opposition to the gentleman's amendment is the fact that we have not held hearings on the detailed FAA R&D program needs beyond fiscal year 1990; therefore, any authorization beyond 1989, I think, would be just a guess, and therefore, unwise.

Furthermore, I think it is impossible to predict 5 years in the future in this rapidly changing arena of research and development and new technology. Because of that, I think we would be neglecting our responsibilities on the committee by going that far in advance.

New results and new requirements are constantly entering the picture, changing the need for funds and redirection of funding. For example, the administration found it necessary to request more than the authorization in 1986. Also as an example, explosives detection, which is a major research and development thrust now, was not even foreseen when the current authorization was passed in 1982.

Frequent authorization, that is, 2 years, is an important tool, I believe, for the Members to maintain close oversight over FAA programs.

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As the gentleman knows, this committee has been as supportive as any in the Congress and this gentleman

has been as supportive as anyone of the research and development programs in the FAA and as it relates not only to the improvement of the NAS plan, but also in the area of air safety.

I believe it is somewhat premature to move beyond that which I feel is a carefully thought out approach in the full bill that was passed in the full committee of a 2-year authorization.

Because of that, Mr. Chairman, I respectfully rise in opposition and urge all Members to oppose this amendment offered by again my good friend and distinguished colleague, the gentleman from New Mexico.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Mexico [Mr. LUJAN].

The amendment was rejected.

Are there any further amendments to title I?

AMENDMENT OFFERED BY MR. SUNDQUIST

Mr. SUNDQUIST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SUNDQUIST: Page 85, after line 20, insert the following new section:

SEC. 14. DENIAL OF FUNDS FOR PROJECTS USING PRODUCTS OR SERVICES OF FOREIGN COUNTRIES THAT DENY FAIR MARKET OPPORTUNITIES.

The Airport and Airway Improvement Act of 1982 is amended by adding at the end thereof the following new section:

"SEC. 533. DENIAL OF FUNDS FOR PROJECTS USING PRODUCTS OR SERVICES OF FOREIGN COUNTRIES THAT DENY FAIR MARKET OPPORTUNITIES.

"(a) IN GENERAL.—

"(1) PROHIBITION ON FUNDING.—No funds provided under this Act may be used to fund any project which uses any product or service of a foreign country during any period in which such foreign country is listed by the United States Trade Representative under subsection (c).

"(2) LIMITATION ON APPLICATION.—Subsection (a) shall not apply with respect to the use of a product or service in a project if the Secretary determines that—

"(A) the application of subsection (a) to such product, service, or project would not be in the public interest,

"(B) products of the same class or kind as such product or service are not produced or offered in the United States, or in any foreign country that is not listed under subsection (c), in sufficient and reasonably available quantities and of a satisfactory quality, or

"(C) exclusion of such product or service from the project would increase the cost of the overall project contract by more than 20 percent.

"(b) DETERMINATIONS.—

"(1) DEADLINE.—By no later than the date that is 30 days after the date on which each report is submitted to the Congress under section 181(b) of the Trade Act of 1974 (19 U.S.C. 2241(b)), the United States Trade Representative shall make a determination with respect to each foreign country of whether such foreign country—

"(A) denies fair and equitable market opportunities for products and suppliers of the United States in procurement, or

"(B) fair and equitable market opportunities for United States bidders,

for construction projects that cost more than \$500,000 and are funded (in whole or in part) by the government of such foreign country.

"(2) INFORMATION CONSIDERED.—In making determinations under paragraph (1), the United States Trade Representative shall take into account information obtained in preparing the report submitted under section 181 of the Trade Act of 1974 and such other information as the United States Trade Representative considers to be relevant.

"(c) LISTING OF FOREIGN COUNTRIES.—

"(1) GENERAL RULE.—The United States Trade Representative shall maintain a list of each foreign country with respect to which an affirmative determination is made under subsection (b).

"(2) REMOVAL FROM LIST.—Any foreign country that is added to the list maintained under paragraph (1) shall remain on the list until the United States Trade Representative determines that such foreign country does permit the fair and equitable market opportunities described in subparagraphs (A) and (B) of subsection (b)(1).

"(3) PUBLICATION.—The United States Trade Representative shall annually publish in the Federal Register the entire list required under paragraph (1) and shall publish in the Federal Register any modifications to such list that are made between annual publications of the entire list.

"(d) DEFINITIONS.—For purposes of this section:

"(1) Each foreign instrumentality, and each territory or possession of a foreign country, that is administered separately for customs purposes shall be treated as a separate foreign country.

"(2) Any article that is produced or manufactured (in whole or in substantial part) in a foreign country shall be considered to be a product of such foreign country.

"(3) Any service provided by a person that is a national of a foreign country, or is controlled by nationals of a foreign country, shall be considered to be a service of such foreign country."

Redesignate the subsequent sections of the bill accordingly. Conform the table of contents of the bill accordingly.

Mr. SUNDQUIST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mrs. VUCANOVICH. Mr. Chairman, will the gentleman yield?

Mr. SUNDQUIST. I yield to the gentleman from Nevada.

Mrs. VUCANOVICH. Mr. Chairman, I rise in support of H.R. 2310, the Airport Development and Improvement Act, which generally reauthorizes the programs supported by the airport and airway trust fund. I especially support the Airport Improvement Program, the effort to remove the aviation trust fund from the unified budget, the reopening of those flight service stations that were closed earlier in the year by the Federal Aviation Administration, and the extension of the Essential Air Services Program.

As you know, the Airport Improvement Program is important for airport planning and con-

struction, development of airport terminals, acquisition of land for noise-abatement purposes, soundproofing of buildings, and funding for airport safety and other equipment.

Regarding the aviation trust fund, I am very encouraged by yesterday's vote on the rule which will allow us to take up the question of removing the trust fund from the general budget. It is my strong belief that it must be removed from the general budget and put to the use for which it was intended. This fund has been held hostage to the Federal deficit, and currently has a \$5.7 billion surplus. I don't believe that the trust fund should be used to fund 85 percent of the aviation network and the FAA operating costs.

The aviation trust fund has a definite and useful purpose: To modernize the management of our airspace; not to pay controllers salaries. Additional revenues have been generated for the trust fund by the tax on a larger number of commercial air passengers than ever before in history. Unfortunately, instead of being able to use those trust funds for adding better equipment, developing more efficient use of our commercial airports, and giving grants to make better use of our hard-pressed general aviation airports, it is sitting dormant creating surpluses. While this may serve the purpose of making the overall Federal revenue picture look a little better, that is not the purpose of the trust fund. We succeeded in separating the Social Security trust funds from the general budget last Congress and I think it's high time that we do something positive with the aviation trust fund.

As you know, earlier this year when we passed the supplemental appropriations bill, we made it clear to the FAA that they were to halt any further closing of flight service stations until these stations were replaced with model one full-capacity coverage. Well they didn't listen very well, and proceeded to close certain stations. I support the amendment which will be offered today to reopen these stations. This clearly violated the intent of Congress stated in the supplemental. I want to make sure that general aviation pilots across the country will not be endangered by the closure of flight service stations. I support the automated stations, but I believe they should be online, tested, and working properly before any existing flight service stations are replaced.

I would like to express my support for the extension of the Essential Air Services Program for smaller communities. This program offers the possibility to smaller communities of commuter aircraft that may not be profitable to the airlines. This program is very important in my State of Nevada where logistics, larger distances, mountain ranges isolated in the wintertime, and few U.S. highways make conventional travel difficult.

Finally, I oppose the amendment which would restrict takeoffs and landings by general aviation aircraft at primary airports when they have reached runway capacity and are experiencing delays. General aviation is not the cause of delays at these primary airports. General aviation is only a fraction of the total operations and this high density rule sharply limits the number of slots available during the peak periods. The total elimination of general aviation at airports will not help the delay

problem; one or two flight operations an hour will not make a dent in the delay problem. Capacity expansion, better scheduling techniques, and more ramp and high-speed taxiways would be far more effective in reducing delays and expanding capacity than placing this burden on general aviation.

In closing, this is a needed bill. It addresses many important aspects of the aviation system, from safety in the air to the passage of passengers through terminals. I urge your support for this bill.

Mr. SUNDQUIST. Mr. Chairman, this body has discussed the issue of unfair trade at length. But we have yet to address the most blatant and obscene unfair trade practice American businessmen are facing in Japan today.

Mr. Chariman, while Japanese construction firms are free to bid on all United States public works projects, United States firms are totally blocked from even bidding on Japanese projects. This is clearly the most atrocious one-sided relationship I have ever heard of.

My amendment addresses this issue. It will make foreign participation in the \$29 billion U.S. airport and airway improvements, over the next 5 years, contingent upon reciprocal opportunities for U.S. companies overseas.

Japan will have \$60 billion in major public works projects in the next decade. And currently, the Japanese are building the \$8 billion Kansai International Airport. American firms are completely excluded from any direct participation in these projects. My amendment will deny Japanese access to airport and airway trust fund projects—unless they open up all of their public works projects for U.S. bids.

I believe my amendment will make the Japanese Government reconsider their bidding policies.

Ironically, this absurd lopsided relationship we have with Japan has existed since 1965. For more than 20 years, Japan has had free access to the United States market—while American businesses can't even submit a proposal.

The results of this are mind-boggling: American share of the global contracting export market has fallen—more than 50 percent—from \$48.3 billion in 1980 to \$22.6 billion in 1986—while Japanese share more than doubled—making Japan the second largest shareholder of world construction projects. Japan made the jump from 7th place to second in 5 years.

Additionally, Japan is the second largest foreign contractor in the United States. In 1986 alone, Japan had \$1.9 billion in construction projects. Many of these projects are directly related to U.S. airport construction.

Mr. Chairman, this unfair relationship with Japan has gone on long enough. USTR and American industry

representatives have been unsuccessful in getting a reasonable market opening commitment from Japan—despite exhaustive negotiations.

Japan has no intentions of giving away a totally one-sided advantage without some encouragement. Negotiations have proven fruitless. We must bargain from a position of strength. That means threatening to impose their own practices on them.

This amendment is truly fair trade legislation. It applies the same game rules to Japan as they do to us. We've played by two sets of rules for over 20 years. It's been like playing a football game where one team is not even allowed to attempt a touchdown, while the other team can score as many times as it wants. My amendment changes the rules so both teams can score.

This legislation puts the ball in Japan's court. It assigns a very specific cost to their market closing actions. It is our only recourse. But it is a fair and reasonable response. By passing this amendment we will be setting the record straight. America's open trade policy and free borders are not to be taken advantage of. Our open markets are for those that practice the same; not those that are opportunistic and nonreciprocating.

Let's stop giving away all the advantages to the Japanese. Let's help our American construction industry. Vote yes on this amendment which has already been attached to the airport and airways bill.

Mr. MINETA. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I am pleased to support the amendment offered by the distinguished gentleman from Tennessee [Mr. SUNDQUIST]. This amendment would help assure that U.S. firms are treated fairly by foreign countries contracting for design, engineering, architectural, and construction services to improve their airports. In return, we would be offering foreign firms a fair chance at the close to \$25 billion in U.S. airport projects that will be undertaken in the next decade. By making foreign participation in federally funded improvements at U.S. airports contingent upon reciprocal opportunities for U.S. firms abroad, we will help U.S. firms get a fair shake when they bid on foreign airport improvement projects.

I urge my colleagues to support this amendment.

Mr. HAMMERSCHMIDT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the gentleman's amendment which would deny funds for airport projects using products or services of foreign countries that deny fair market opportunities for U.S. design, construction, and engineering firms. In virtually

every segment of our economy, U.S. firms face discriminatory and unfair trade practices by the foreign countries.

In part, the purpose of this legislation is to put pressure on the Japanese to provide fair market opportunities for United States construction firms which wish to bid on the Kansai International Airport at Osaka Bay. So far, our companies have been shut out of the bidding process.

While the amendment does provide for retaliation against unfair foreign trade practices, it also provides sufficient flexibility for the Secretary of Transportation to waive the requirements if it is found to be in the public interest, if the products are not produced in this country, or if exclusion of the product or service would increase the project cost by more than 20 percent.

I commend the gentleman for offering this amendment and I urge my colleagues to support it.

Mr. SUNDQUIST. Mr. Chairman, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from Tennessee.

Mr. SUNDQUIST. Mr. Chairman, I would like to commend the chairman of the committee and the ranking member on the committee and the chairman and ranking members of the subcommittee. I do appreciate their support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. SUNDQUIST].

The amendment was agreed to.

The CHAIRMAN. Are there any further amendments to title I?

AMENDMENT OFFERED BY MR. MOORHEAD

Mr. MOORHEAD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORHEAD: Page 90, strike out line 3, and all that follows through line 10 on page 91.

Page 91, line 11, strike out "20" and insert in lieu thereof "19".

Conform the table of contents on page 46 accordingly.

Mr. MOORHEAD. Mr. Chairman, Burbank Airport, run by the three cities of Burbank, Glendale, and Pasadena in southern California, has about 3 million passengers that use that terminal every year. At one time it was the major terminus of all flights from east to west in the United States toward Los Angeles.

There are two runways in that airport. One of them goes basically north and south. That is the shorter of the two runways. It is runway 7.

The other runway is runway 15, whose flights basically go out toward the west.

Runway 7 has been closed down because the administration building is too close to the runway and it is dangerous to use that at the present time, so the airport authority has attempted

to obtain the financial means to build a new administration building so that they could put both those runways into operation. The authorization for that transfer is presently in this piece of legislation.

There is no question about which one of the two runways is the safest. Because the runway that goes basically north and south, runway 7, is a runway that leads straight into the mountains, mountains at the present time that are close by within a few blocks, some 3,000 feet high, and the traffic there if the traffic was to go east has to make an immediate right turn as soon as the plane takes off. It does run with its belly up directly into small aircraft that use that particular air space to fly their planes into Van Nuys Airport. If they go a little further to the north, they run into the air space that is used by the Ontario Airport and flights that are leaving in that direction.

There is basically no escape route from that north-south runway.

There are other differences between the two runways. The longer of the two runways, the one that is presently in use, is a down-hill runway that has a headwind which enables the planes to immediately rise and get out of the noise area that can bother people in the areas that are below.

The second runway runs into an adverse wind much of the time, so it has the additional problem.

Now, I would like to make it clear that it is the air traffic controllers that determine the runway that is to be used by each plane that takes off. The pilot after the air traffic controllers have made their decision does have the authority to say, "I won't take off because conditions are unsafe."

The people that run the airport authority have no ability to determine the direction or the runway that those planes are to take. That is a decision that must be made by the air traffic controllers.

Now, there is an amendment in this bill that was put in by the gentleman from California [Mr. MINETA] that says that the airport authority must adopt a plan that basically—there is some equivocating language in the amendment—that basically would put pressure on the air traffic controllers to have 50 percent of the traffic go off each runway. This is something that they have declared many times virtually impossible for them to do.

The airport authority, I should say, has done an awful lot of things to try to make the airport noise-proof. Its footprint has been reduced from more than 400 acres to less than 83 acres in the last 8 years. The airport authority conducts noise tests throughout the area with decibel meters for any group of citizens who have noise complaints, so this is something that we are really

working hard on. I think Burbank has done virtually more than any airport in the country to reduce the noise that comes from their airport.

There is presently a study underway that will be out before too long, it is called a 150 study, that was started in July of 1985. Eighty percent of the study is being financed by the FAA, with 20 percent being funded by the airport. This study should be out soon and will give us a better idea about what we can do and what we cannot do.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. MOORHEAD was allowed to proceed for 5 additional minutes.)

Mr. MOORHEAD. Now, Mr. Chairman, \$300,000 has been spent to date on this study. The people in the airport authority badly want to settle the differences that we have with the gentleman from California [Mr. BERMAN] and other people in the valley.

We have begged the Los Angeles airport authority and the people of Los Angeles to take this airport over when it was available from Lockheed. They were not interested and I could not convince them of it, and yet really the people in the city have been a nuisance in trying to interfere with the operation of this airport ever since the cities of Glendale, Burbank, and Pasadena have taken it over.

There have been some personality problems here and there, but that is not what we need to consider. We should not be legislating the direction or the runways in which planes take off. If we would do this, then Newark, O'Hare, and Kennedy and other airports in the country would be in one heck of a shape as far as airplane safety is concerned.

I think that if my amendment is not adopted and we keep the punitive portion of the bill in effect, it is going to set a bad example for the whole country, and really it is not taking into consideration the actual conditions that we have in this area.

I want to work very much with the gentleman from California [Mr. BERMAN] and the people in the airport authority to try to work out the problems we have here, but this airport is vital not only to my district, but to the district of the gentleman from California [Mr. BERMAN] and I think the gentleman would be the first to say that.

Lockheed Aircraft uses that airport, as do many other aircraft manufacturers in that valley.

I might say there are probably 40,000 or 50,000 people employed who depend upon that airport for their businesses.

I would also say that the people in the San Fernando Valley use that airport as their port of debarkation and

landing, as much as the people in my district use it, or maybe more.

It is an important airport. It does an important job. I think we have to work out these programs in a gentlemanly way, trying to work out the differences and doing the best we can possibly do to meet the objections that the people have about noise, but the amendment that is in the bill is not the way to do it. It is a devastating amendment and in the long run could bring about the necessity to use only runway 15 and that takes the planes off in the direction of the district of the gentleman from California [Mr. BERMAN]. Perhaps I should be arguing in favor of keeping that in the bill.

We need to complete runway 7. We need the money that is in this bill if we are to get runway 7 back into operation to take many flights that can be operated safely, but we also need to use the safest runway available.

We need to believe in national aircraft safety. As we see planes go down in various places, none of us want to be responsible for an aircraft accident that could come about later if we put pressure on the air traffic controllers to use less than the safest runway for planes that are taking off.

□ 1215

I am going to use that airport in the future. I am sure my colleague, the gentleman from California [Mr. BERMAN] is going to use that airport in the future, as will many of our constituents.

I ask Members please to look at this thing very, very carefully and do not make the mistake of trying to legislate in the area that we are involved with here. Do not legislate the direction that planes take off. Let us work with the aircraft safety people, let us work with the FAA.

Every single organization that is involved with this matter, that use the airplanes, the pilots, the FAA, everybody else is opposed to this kind of legislation. Let us take it out of the bill.

I ask my colleagues to please vote for my amendment.

The CHAIRMAN. Prior to recognizing Members in opposition to the amendment, without objection, the Clerk will report the amendment in its proper form.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. MOORHEAD: Strike out section 119 of the bill.

Redesignate section 120 of the bill as section 119.

Conform the table of contents for title I of the bill accordingly.

Mr. MINETA. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. MOORHEAD].

Mr. Chairman, I oppose the amendment to delete the provision in H.R.

2310 which deals with the serious noise problem at Burbank Airport. This provision is needed because of unique circumstances at Burbank Airport, and because of the airport's failure to comply with prior congressional directives to equalize the noise impact from the airport.

Underlying the noise problem at Burbank Airport is the fact that the governing body of the airport is composed of representatives from the cities to the east of the airport. There are no representatives on the authority of the city of Los Angeles to the west of the airport. As a result, most commercial flights from the airport fly to the west over Los Angeles. It is doubtful that the authority will permit flights to depart to the east, even if it is safe and feasible to do so.

Congressional efforts to obtain equalization of the noise burden at Burbank began 9 years ago. In 1986 the authority was directed to develop an equalization plan by the House Appropriations Committee in its report on the 1986 DOT appropriations bill. Unfortunately, the authority has failed to develop a plan. This lack of compliance with the Appropriations Committee's directives has made it appropriate to include a provision in H.R. 2310 requiring the authority to develop a noise equalization plan as a condition to future airport grants.

Opponents of the provision in H.R. 2310 argue that the provision undermines FAA's authority to determine whether flight operations are safe. The provision does nothing of the kind. The provision only requires the authority to adopt a plan which recommends to FAA that FAA achieve as close to a 50-50 split of runway use as FAA determines to be feasible and safe. Under the provision in H.R. 2310 the authority is only directed to make recommendations to FAA. FAA will have full authority to determine the number of flights which can be safely operated on all runways at the airport.

It is fully consistent with FAA policy for an airport authority to make this type of recommendation. Department of Transportation reports have specifically stated that one of the steps which an airport authority can take for noise abatement is to propose patterns of runway use to FAA. The approach followed in H.R. 2310 is fully consistent with the existing delineation of roles between an airport authority and FAA.

I urge defeat of the amendment to delete the Burbank provision from H.R. 2310.

Mr. BERMAN. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to my colleague, the gentleman from California.

Mr. BERMAN. Mr. Chairman, I thank the gentleman for yielding. I thank the gentleman for offering this amendment in the full committee, and

I thank the gentleman for his support at this time.

I will seek my own time to discuss the amendment further, but I would like to use the gentleman's time, if I might, to clarify one point on section 19 dealing with the Burbank Airport. The provision requires the airport authority to adopt a plan requesting FAA to allocate runway use so that as many flights depart from runway 7 as FAA determines to be feasible and safe. The plan shall not require more than 50 percent of the daily flights to depart from runway 7.

It is my understanding that the intent of this provision is that the plan must provide that as many flights of commercial airline aircraft depart runway 7 as FAA determines to be feasible and safe up to the 50-percent cap.

The CHAIRMAN. The time of the gentleman from California [Mr. MINETA] has expired.

(By unanimous consent Mr. MINETA was allowed to proceed for 2 additional minutes.)

Mr. BERMAN. Mr. Chairman, if the gentleman will continue to yield, general aviation flights and commuter aircraft of less than 30 seats which do not contribute in any significant fashion to the noise problem are not, it is my understanding, to be considered in determining the 50-percent requirement. Is this the committee's understanding?

Mr. MINETA. The gentleman has correctly stated my understanding of the intent of this provision.

The provision covers commercial airline flights and not general aviation or commuter flights.

Mr. Chairman, I yield back the balance of my time.

Mr. HAMMERSCHMIDT. Mr. Chairman, I rise in strong support of the gentleman's amendment which would eliminate the provision in the bill requiring the FAA to withhold Federal grant money from the Burbank-Glendale-Pasadena Airport in California unless the airport authority adopts a certain plan for the management of the navigable airspace around the facility. Obviously, the intent of this provision now in the bill is to solve a local noise problem. I have no quarrel with doing that except that the provision has a potential adverse impact on air navigation and air safety. In fact, the provision in the bill is opposed by the Aircraft Owners & Pilots Association, the American Association of Airport Executives, the Airport Operators Council International, the General Aviation Manufacturers Association, the National Business Aircraft Association, commercial airline pilots, the Federal Aviation Administration, the Burbank Airport Authority, and a number of airlines.

Under the provision in the bill, the Burbank Airport Authority would be

forced to redirect one-half of the total departures from the airport to a certain runway which is unused because the Federal Aviation Administration has determined the runway unsafe for such departures. This determination was made because of the runway's close proximity to a terminal building.

By forcing more departures to the East, air carrier turbojet aircraft are placed in a belly up profile to the heavy flow of uncontrolled general aviation traffic using the north-south flyway between the Burbank-Van Nuys area and airports in the Ontario and Riverside area. Because of this location's noise sensitivity, these air carrier aircraft are required to make steep climbs which may detract from the flight crew's ability to look out the window for other traffic in the area. Obviously, this threat of midair collisions presents extremely grave safety concerns.

The provision in the bill establishes a bad precedent. It is not the business of Congress to micromanage the navigable airspace surrounding the airport. That is the job for air traffic control. Control of aircraft has always been and should remain an FAA decision in the hands of experts with the goal providing the safe and most effective air traffic control procedures for the traveling public.

I urge my colleagues to support the gentleman's amendment which would strike this language from the bill.

Mr. BERMAN. Mr. Chairman, I move to strike the last word and I rise in opposition to the amendment.

Mr. Chairman, first I would like to say to my good friend from California, Mr. MOORHEAD, that if I truly believed that he and I could work this difficult problem out in discussions with ourselves, the problem has been in our efforts and in congressional efforts in the past to deal with the Burbank-Glendale-Pasadena Airport Authority. I would like to take my time to go back and give a little bit of the history of this particular issue.

As the gentleman from California has said, there are two runways, runway 15 which, as a general rule, has 95 percent of the departures or more; runway 7, which until recently had 5 percent or less of the flights taking off.

The Burbank-Glendale-Pasadena Airport Authority is an authority that consists of the appointees of the city councils of those three cities. Runway 7 takeoffs will send planes over Burbank and Glendale and to some extent to Pasadena as well. Runway 15 sends planes over a small portion of South Burbank and then over the Los Angeles area.

The city of Los Angeles is not a member of this authority, has no role in this authority, and has no governance.

The language in this bill is very clear. It does not mandate anything with respect to flight takeoffs. It directs an authority that at least three separate times in the past 6 years has promised that it would do so, it directs that authority to join the other 140 airports in this country that have developed runway utilization plans for submission to the FAA, to develop such a plan which, conditioned and contingent on safety and feasibility would equalize, not dump all of the noise, but equalize runway use only at those times and in those situations and under those wind conditions, and under those visibility conditions which make it totally safe and feasible. It is incredible to suggest, as some have, that the gentleman from California [Mr. MINETA] who has done more to try and deal with airport safety and aviation safety, or that this gentleman whose constituents are adjacent to and surrounding this airport, would ever think or want to try and put any kind of airport runway utilization package on that particular airport or mandate on that particular airport which would in any way jeopardize safety. Everyone agrees, safety is the first consideration.

Section 19 of this bill, which the gentleman seeks to strike, makes that absolutely clear. The plan that would be developed by the authority would simply be submitted to the FAA for approval. If in any sense they thought that plan or any portion of that plan was unsafe they would not approve that plan, and in any event, the local control tower chief who has said that when the terminal moves and is rebuilt with the discretionary funds that that airport authority seeks to get under this bill, when that terminal is moved there will be many, many occasions when runway 7 is safe for takeoff. And even if the authority and the FAA and the air traffic control tower chief at Burbank Airport said take off from runway 7 and the pilot thought it was not safe, he has absolute rights, as everyone who is involved in this issue knows, to refuse to take off.

The political problem is that as far back as 1979 our colleague, John Burton, had hearings on this particular issue and the unfairness of the process that has taken place.

In 1983, shortly after coming here, the full Committee on Appropriations inserted report language doing much the same thing as this language does. The House passed that bill with that report language.

During the July recess my colleagues from California, Mr. MOORHEAD, Mr. ROYBAL, and myself met with the airport authority and they promised to develop a runway utilization plan, and they went so far as to adopt a resolution. It is called Resolution 135, which commits them to developing a runway utilization plan which seeks as its goal

to equalize runway use when conditions are safe.

We dropped the report language from the bill; they dropped the resolution, they never chose to implement it and then formally rescinded it.

Two years later we went through the same process again. The gentleman from Michigan [Mr. CARR] of the Transportation Subcommittee of the Appropriations Committee, helped to negotiate language which said that as part of a part 150 study the runway utilization plan and equalization of runway use would be considered.

The CHAIRMAN. The time of the gentleman from California [Mr. BERMAN] has expired.

(By unanimous consent, Mr. BERMAN was allowed to proceed for 3 additional minutes.)

□ 1230

Mr. BERMAN. Congressman CARR negotiated language which was adopted by this Congress in 1985 for fiscal year 1986 which said that as part of that part 150 study, the airport authority will look at the runway equalization plan. They appointed an advisory committee, the airport authority did. The advisory committee recommended exactly what is in the bill at this time. The airport authority tabled that recommendation. In the course of it, the city of Burbank City Council voted to instruct its delegates to the airport authority to never vote for anything which involves increased runway takeoffs which might bring noise over the four-fifths of the city of Burbank that is not now affected.

In the course of this discussion, the chairman of the authority, formerly a Glendale city councilman appointed by the city of Glendale told his constituents

You can be assured I will do anything I can to fight any airplanes coming over the city of Glendale.

They tabled the part 150 study advisory committee recommendation. They have not adopted the technical committee recommendation. This modest language which asks them to do what Los Angeles Airport and many other airports around this country have already done, develop a runway utilization plan, is all that the section 19 requires them to do.

Perhaps if this House will support the language that has been put in by this committee and this committee did not do it lightly—Chairman MINETA did not do it lightly—we then during the intervening days and weeks can try to get the kinds of commitments that will really try to do something, not tomorrow. I would be against tomorrow there being an equalization of runway use without that terminal. But the point where the terminal is moved, where the capacity of that airport can double or triple, that we will not have

the continued political motivation to dump all the noise over the constituencies that are not represented on that airport authority. That is the only purpose. It is not to change things tomorrow, it is only to change things when it is safe, when the new airport terminal is built.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. BERMAN. I yield to the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the Moorhead amendment and in support of the remarkable efforts of my good friends NORM MINETA and HOWARD BERMAN on their reasonable efforts to resolve the longstanding noise problem at Burbank Airport.

For nearly 10 years, Congress has worked to obtain a fair noise distribution at Burbank Airport. Yet, today, 90 percent of the noise is borne by the people who live under the airport's southwesterly takeoff pattern. Despite years of congressional efforts to have the noise redistributed, all commercial air jets at the airport depart from the south and west and fly over Los Angeles, while none fly over the cities east of the airport. The reason is simple. Burbank's Airport Authority represents only the three cities to the east of the airport—Burbank, Glendale, and Pasadena—and has thwarted all efforts to require that these residents also share a part of the noise burden.

In 1985, the House Appropriations Committee adopted report language in the 1986 DOT appropriations bill stating that a proposal to equalize the noise at Burbank Airport should be submitted to the FAA. In March 1987, the Burbank Airport Authority tabled a noise equalization plan drafted by an FAA-sanctioned Policy Advisory Committee. In addition, the Burbank City Council passed a resolution this year instructing its representatives on the airport authority to vote against any runway use program that includes the runway for easterly departures.

Clearly, the Burbank Airport Authority has no intentions of meeting Congress' directive to develop a fair noise distribution plan.

The language in H.R. 2310 that Mr. MOORHEAD seeks to strike is both modest and fair. It requires the Burbank Airport Authority to submit a long-overdue noise equalization plan. Contrary to what opponents say, the bill's provisions have no effect on airline safety. Under the measure, the FAA must approve the plan and will keep its full authority to veto easterly takeoffs if it deems them unsafe for any reason. In addition, the FAA air traffic controllers and pilots at Burbank Airport are not required to implement any plan for easterly takeoffs unless they believe they are safe.

I urge my colleagues to heed the committee's wisdom on this issue. The inequitable noise distribution at Burbank Airport has been an unreasonably drawn out and frustrating problem for thousands of residents in Los Angeles. The time has come for Congress to ensure that the rights of all residents near the airport are recognized and represented. I urge the defeat of the Moorhead amendment.

The CHAIRMAN. The time of the gentleman from California [Mr. BERMAN] has expired.

(On request of Mr. MOORHEAD and by unanimous consent, Mr. BERMAN was allowed to proceed for 2 additional minutes.)

Mr. MOORHEAD. Mr. Chairman, will the gentleman yield?

Mr. BERMAN. I yield to the gentleman from California [Mr. MOORHEAD].

Mr. MOORHEAD. I thank the gentleman for yielding.

Mr. Chairman, actually this part 150 study will not be released until next year and at that time they will make recommendations to the FAA about noise abatement and about runway utilization. That appears to be what Mr. MINETA and the gentleman from California [Mr. BERMAN] desire. At that time, they will make a decision about what flights we can use runway 7 for and how we can operate more to meet the desires of those two gentlemen. But unless we build the administration building that the gentleman would cut off funds for, unless they already have a plan, until we build that no flights can take off on runway 7.

Mr. BERMAN. Reclaiming my time, I would quickly say that the gentleman's sincerity I know exists in terms of trying to come to an equitable solution. But when the Burbank City Council instructs its membership on the airport authority not to vote for any plan, or support any plan which will send more flights and where the bylaws of the airport authority say any one city can veto any noise abatement proposals that the airport authority might seek to take up, we are dead in the water. All I am saying is when that new terminal is built in a location which allows both runways to be used, and the pilots have said so and the air traffic controllers at Burbank have said so, when that new terminal is built and the capacity is to have not 75 daily departures or 150 or 180, and they continue with the political motivation, I have to do something to try to prevent that from happening.

Mr. MOORHEAD. Mr. Chairman, will the gentleman continue to yield?

Mr. BERMAN. I yield to the gentleman from California.

Mr. MOORHEAD. I thank the gentleman.

Mr. Chairman, the chances of that runway being made available and to move the administration building depends upon getting the money here. If

you tie so many strings about it so that the money is not available or will not be used, then we cannot do it. I am really trying to help the gentleman and he probably does not realize it.

Mr. BERMAN. I appreciate what the gentleman says. If this language passes within 2 months, the authority can develop the runway utilization plan that is called for in this bill, the FAA can look at it, they can then apply for the discretionary funds, they can get to work on the new terminal that is so needed there and we can move on with the assurance that when the new terminal is complete, there will be some equity.

Mr. MOORHEAD. If the gentleman will yield further, you need the completion of this part 150 study before you are able to draw the kind of plan you want. Failing to do that is disregarding the facts that are present that we spent \$300,000 for and would certainly delay the building.

Mr. GINGRICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to ask my colleague, Mr. BERMAN, some questions, because I want to build a legislative record here for a second.

Let me preface this by saying that I represent the busiest airport in the country. We have all sorts of community problems at both ends of my airport, both of which are in my district; they get very excited.

Mr. BERMAN. If the gentleman will yield, is the gentleman from Chicago?

Mr. GINGRICH. No, no; we passed O'Hare last year. Hartsfield is the busiest airport. We have, I think, 1,800 or 1,900 operations a day. It is a mess in terms of noise. All the communities get upset.

And I mean this quite sincerely when I say when this amendment first came up in the committee I did not pay much attention to it. I think I thought I understood the local politics of two Members each of whom has noise; I understand why my good friend, the chairman, was bringing it up; we had a pro forma debate, we knew who had the votes and it was put in.

And then I began reading about this particular airport. I want to walk you through a series of things that I think every Member who votes "no" on this amendment had better understand. I want to get the position of the gentleman on the record, because I want to draw a very clear distinction between being minimally safe and being safe, because I think you have established a safety clause here where you could say, "Well, if the pilot rolls down the runway, then he has given his professional judgment that it is safe. If the FAA permits the plane to roll down the runway, then the FAA gave its permission to say it was safe. There-

fore, we Congressmen have no responsibility."

Now I think the Los Angeles Times on June 12 said it correctly when it said that Congress "should stay out of the cockpit." The Los Angeles Times said that your position—

Might seem fair if the only issue was noise. But FAA and airline officials claim that takeoffs to the east are less safe because the runway is 900 feet shorter at only 6,000 feet, and the planes have to climb rapidly over the Verdugo Mountains. The problem is compounded by the fact that the prevailing winds are from the west. Standard safe aviation practice is to takeoff into the wind to give the airplane greater lift.

The Los Angeles Times states further,

The Airline Transport Association said that Burbank is one of the few airports which are listed in Federal Aviation Advisory Circular 121.445-1A, titled "Pilot In Command Qualifications For Special Area/Routes and Airports, Federal Aviation Regulation 121.445." The airports listed in this publication require special airport qualification on the part of the air crews, with the mountainous terrain at Burbank being the governing reason for this particular airport. The requirements for an escape route in the event of loss of an engine during departure with the left turnout are not available in the proposal being discussed. At any point after being airborne, until being established westbound in the vicinity of the LAX VORTAC 342 degrees R, the loss of an engine with resultant climb rate/air speed deterioration would even in VFR conditions place an aircraft in close proximity to the Verdugo Mountains and could result in the inability to establish a climb rate sufficient to clear the terrain. An additional factor to consider in this area is that although the weather minimums are quite high (4,000 feet/3 miles) any loss of power above 4,000 feet could result in the aircraft having difficulty avoiding terrain to the east and north.

It goes on to point out,

Any left turn-out east of Burbank places the air carrier turbo jet in a "belly-up" profile to the well-known heavy flow of general aviation traffic, using the VFR flyway between the Burbank/Van Nuys area and the airports in the Ontario/Riverside area.

It goes on to say,

The heavy mix of general aviation traffic and its interface with the air carrier operations is a long-standing problem.

Finally, Donald Engen at that time the Federal Aviation Administrator wrote the following:

The Burbank/Glendale/Pasadena airport traffic pattern has been studied enumerable times with the ultimate conclusion in each study that runway 7 is the least desirable runway from a safety standpoint due to the mountainous terrain east of the airport.

Now the point I want to ask the gentleman is this: We may have and everyone hopes we will not, but we may have in the next 5 or 10 years a situation where an airplane loses power on takeoff because the airport is following the instructions you have written into this bill. That airplane crashes into the mountains which it would not have been going toward expect for the instructions you wrote into this bill.

Or we may have the occasion in the most densely traveled area in the United States in terms of general aviation, the Los Angeles basin, of an airplane which is forced to turn into general aviation traffic because of what you wrote in this bill. It may end up with the chairman holding the hearings that review that crash. We will, of course, want to ask you to come to that hearing.

Now I want to put in the record today, because I want to know where the gentleman stands on this.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. GINGRICH] has expired.

(By unanimous consent Mr. GINGRICH was allowed to proceed for 5 additional minutes.)

Mr. GINGRICH. If the Federal Aviation Administration comes to the conclusion not that it is unsafe, which is a very tough standard, but that it is less safe than the alternatives, should the legislative record show that in your judgment as you understand what you have written into this bill, that the passengers and crews flying out of Burbank should not be subject to less safe than the alternative purely for the convenience of noise? And I would like to have you expand on that.

Mr. BERMAN. This gentleman, in response, would like to make it clear that he does not believe that his language will have any effect on a war, on famine, on pestilence or on any increase or endangerment of passenger or population safety. And if the gentleman looked at the language of the bill, he would fully accept and realize that. The fact is if you want your ideal world, then you close that airport and you close any airport that is in a population center, and the fact is in the Los Angeles area there is a tremendous need for a new regional airport away from population centers, and you operate on this basis.

I tell you that without some effort to try to provide equalization and get the politics out of this—that is all I want to do—and let me finish in answer to the gentleman's question, the politics of an airport authority that wants to protect its constituency, get that out and have it decided solely on safety, solely on feasibility. The Air Transport Association indicates their immediate survey is once the terminal is moved, at the very least, 30 to 40 percent, and this is the same people that the gentleman is quoting, the Air Transport Association says 30 to 40 percent of those flights can take off of runway 7 totally safe and without any jeopardy to passengers, to aircraft, to population.

You are wrong when you think, and the L.A. Times was mistaken when it assumed that this is to have planes head toward the mountains. This is to curve west but to go over the Los An-

geles area that it now traverses, go over it 4,000 or 5,000 feet higher because it has used the easterly runway on the conditions that visibility and weight and wind are safe.

□ 1245

Mr. GINGRICH. Mr. Chairman, reclaiming my time, the Administrator of the Federal Aviation Administration, himself a pilot, said unequivocally two things, that runway 7 is the least desirable runway from which to take off due to the mountains east of the airport and that enforcement of a rule of this type would be virtually impossible, because safety considerations must always be the governing factor for runway selection and assignment.

Does the gentleman agree or disagree with Administrator Engen that in reading the bill as the gentleman had it written that the FAA in running Burbank Airport should place considerations of safety above all other considerations, period, and then have those flights other than those which it has for weather or other reasons which cannot use runway 7, of the remaining flights it would be useful to distribute them from a noise standpoint?

Mr. BERMAN. Mr. Chairman, will the gentleman yield?

Mr. GINGRICH. Mr. Chairman, I am happy to yield to the gentleman from California.

Mr. BERMAN. Mr. Chairman, I absolutely agree with the premise that safety should be the absolute first paramount concern, that neither my politics nor the airport authority's politics should ever encroach on safety consideration, and that is why the Federal Aviation Administration has been given the authority to look at whatever runway utilization program the authority puts forward, to accept or reject it. That is why the air traffic control tower has the final authority.

Mr. GINGRICH. And if they come back and say to you, I would close by saying, Mr. Chairman, having consulted with the Federal Aviation Administration we can only put 20 percent of their flights on, you would accept that?

Mr. BERMAN. If the reason was safety, absolutely. If they say 5 percent of the flights is all we can take because of safety, then we should do no more.

Mr. GINGRICH. Mr. Chairman, I yield back the balance of my time.

Mr. BOSCO. Mr. Chairman, I move to strike the requisite number of words, and rise in opposition to the amendment.

Mr. Chairman, there is a good irony in the fact that as we here in Washington discuss this amendment today, the very people that we are talking about on both sides of this airport

have been struck with a fairly serious earthquake.

I think all of us would prefer to be helping them with the earthquake than determining which way their planes ought to take off.

I think there are ways of complicating this issue and ways of simplifying it. The ways of complicating it are to say that it has anything to do with safety because it does not. As usual, if you read the bill, that question is answered because it says that the Federal Aviation Administration will allocate runway use at such airports so that as many of the flights which depart from such airports each day and are determined by the Administrator as being feasible and safe shall depart from runway 7.

The safety question has been addressed by the committee. All of our committee reports and deliberations will show that there are no safety issues at all involved here, and none of us would think of requiring a pilot to take off under unsafe conditions.

Second, the issue is not local control. Half of the people in this locality have no control over this issue at all because the airport authority represents communities that they are not a part of.

Third, people have said that Federal involvement is inappropriate here, yet Federal involvement is called for here because the very funds that are going to be used to expand this airport do increase the noise, do increase the use of the airport and will operate to the detriment of these people who now have absolutely no say in which way the noise goes.

I believe that the committee made a fair judgment. The judgment was based on sharing the burdens of this airport as well as sharing the benefits, and that is our responsibility in providing Federal funds.

Mr. Chairman, I submit for inclusion in the RECORD an editorial titled "It's Only Fair," an article from the Los Angeles Daily News:

[From the Los Angeles Daily News, June 8, 1987]

#### IT'S ONLY FAIR

There are no perfect solutions to Burbank Airport's noise problem, at least not until someone develops a jet engine that purrs instead of roars. In the meantime, airport officials must take whatever imperfect steps they can to lessen the noise affecting the airport's neighbors.

To its credit, the Burbank-Glendale-Pasadena Airport Authority has forced airlines flying out of Burbank to use the quietest jets available. Even so, the authority has resisted putting similar pressure on the airlines to shift runway use to better distribute the noise burden. Given the authority's inaction, some prodding is in order.

Rep. Howard L. Berman, D-Panorama City, has written an amendment to an airport improvement bill that would hold up federal funds for Burbank Airport's new terminal unless the airport adopts a plan to divide takeoffs equally between the east-

west and north-south runways. About 90 percent of the flights now take off to the south.

Normally we would not support any measure that could impede the opening of a new terminal, which at best is five years away. But the Berman amendment is not as severe as it may at first seem, and there is no reason to believe that the Airport Authority cannot abide by it and build a new terminal as well.

The key ingredient in the amendment is a provision allowing pilots and Federal Aviation Administration officials to veto easterly takeoffs for safety reasons. This will apparently preclude such takeoffs until the new terminal is built, since the FAA currently bars airline takeoffs to the east because the existing terminal is so close to the east-west runway. More significantly, this provision makes safety the No. 1 consideration.

Because the east-west runway is shorter, and because the Verdugo Mountain rise directly to the east, airline pilots almost certainly will opt for the north-south airstrip during heat waves (when takeoff performance is diminished) or when they have a heavily loaded plane. Odds are that the north-south runway will still get the most use of the two. Why then, are airport officials so strongly opposed to shifting at least some of the flights to the east?

Although several reasons are cited, the heart of the matter is that airport officials do not want to stir up noise complaints from people who are now untouched by airport noise. Shifting some of the noise to the east won't stop people under the existing southwesterly takeoff pattern from complaining, but it is practically guaranteed to make the airport new enemies. Because these new adversaries would reside in two of the cities that co-own the airport, Burbank and Glendale, they would at least have some voice in airport operations, unlike residents of Los Angeles. In the long run, though, it doesn't matter where people live. No airport wants to increase the numbers of people who complain about it.

As sound as this reasoning may be, it stands in direct contradiction to the Airport Authority's claims that it can make the noise bearable by requiring air lines to use quiet jets. Airport Authority president Robert W. Garcin was quoted last week as saying the airport had "solved the noise problem" with its fleet of quiet aircraft. If so, then why hesitate to fly these quiet planes over east Burbank and Glendale?

The reality is that the noise problem hasn't been solved, and jets will continue to be an annoyance for some years to come. Sharing the noise is simply a question of fairness, nothing more and nothing less. People who happen to live under the airport's southwesterly takeoff pattern now get nearly all the takeoff noise. If the airport is to grow, as it should, other communities should be willing to accept some of the burden.

That editorial supports the gentleman from California [Mr. BERMAN] in his quest to instill fairness in this situation.

Mr. DENNY SMITH. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I think this is a bad precedent. I can understand the frustration of not getting the airport authority to do certain things. I would agree with one thing that the gentle-

man from California [Mr. BERMAN] said, and that is maybe we ought to close this airport until we can straighten this whole thing out.

I think what we are doing is opening ourselves up to a tremendous number of airports who want to try and adjust their flight patterns based on the constituency fears or whatever we have in a local political scene.

I would ask the question, if we got 95 percent of the traffic presently using runway 15, what is the percentage of time that the wind favors that runway?

I would almost guess that it is going to max to 95 percent.

I can understand the frustration of working with a local political body and with a local situation, but that is a bad precedent, so I am going to have to vote for the amendment.

Mr. CARR. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak in favor of the amendment.

Mr. Chairman, this is a particularly difficult issue for me, as the gentleman from California [Mr. BERMAN] has said in his remarks.

I have struggled with the gentleman from California [Mr. BERMAN] as a member of the Subcommittee of the Appropriations Committee on Transportation, and I have pledged to him to continue struggling with him on this particular issue. I have gone to Burbank, I have toured the airport, I have met with members of the airport authority, and I have also met with some constituents of the gentleman from California [Mr. BERMAN] who are interested in alleviating the noise problem.

Mr. Chairman, it is a difficult issue because the geographic terrain and the location of the Navajids do not apportion flights in a normal manner which would be an equal noise distribution.

For example, although the amendment by the gentleman from California [Mr. MINETA] in the bill talks only about departures, the gentleman from California's [Mr. BERMAN] constituents are nonetheless subjected not only to a disproportionate share of the noise on departure but all the navigation aids for landing put noise over their rooftops as well because the approach, the localizer and the NDB approaches to the airport are on runway 7. So landing on runway 7 is the norm while taking off on runway 15 is the norm.

I also agree with the gentleman from California [Mr. BERMAN] that there is a recalcitrance, a political recalcitrance on the ground in the Burbank-Glendale-Pasadena area which sought to be overcome. I also agree with the gentleman from California [Mr. BERMAN] that this particular amendment in the bill, should it survive, is not impacting on safety, does

not direct any air traffic controller in the tower to order a plane to take off in an unsafe manner, but nonetheless I would say that I think the language in the bill is a little premature at this particular time.

The reason for that is that a part 150 noise study is underway right now. It will be concluded at the end of November, and it is on that study, it is upon that study which the airport authority should reflect before it makes any planned submission.

Ironically, if this piece of legislation were to pass, the airport authority would not be able to get an airport grant to pay for the study upon which they would be relying in making their recommendation.

Furthermore, the essential fact here is that this airport needs a grant to build a new terminal, and the gentleman from California [Mr. BERMAN] has been wonderful in helping work out a situation there to get the new terminal placed appropriately on that field, and some of the Burbank and Glendale folks have come to agreement on the location of the terminal.

We need to get that old terminal torn down, because that old terminal is creating an unsafe condition on runway 7.

If this piece of legislation were to pass, there would be no grant aid to effectuate the new terminal and the destruction of the old unsafe terminal location, so what we really have here today at this point in time, although I have much sympathy and agreement for the gentleman from California's [Mr. BERMAN] position and that of his constituents, having been there, but this is somewhat an effort to get the airport authority to cry uncle.

Mr. Chairman, I am in favor of making them cry uncle, but I am in favor in making them cry uncle if we need to after that part 150 study on noise abatement, after the environmental impact statement.

Mr. Chairman, I understand that the gentleman from California [Mr. BERMAN] and the other gentleman from California [Mr. MINETA], that this was the only game in town of the day. This is an effort to get this issue before the Congress, and I honor them for it. I want to end by saying while I am going to vote with the gentleman from California [Mr. MOORHEAD] today, I pledge to my good friend, the gentleman from California [Mr. BERMAN] to continue to seek a solution, and I admonish my good friend from southern California [Mr. MOORHEAD], who represents the cities of the airport that in the future if the airport expresses some kind of parochial political recalcitrance in this matter, we are going to be back here on an appropriations bill and we will direct an airport plan from the Congress of the United States, as regrettable as that is.

I would rather not do that on this bill today until we give the airport authority the full benefit of the part 150 study.

Mr. CHANDLER. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak in favor of the amendment.

Mr. Chairman, I do this reluctantly but I have to tell my colleague I want the gentleman from New Jersey [Mr. HOWARD], the chairman of the subcommittee, to know that I am feeling really left out. I have a noise problem, too.

Who came around to check with me to see if we could not solve that problem in this bill?

Nobody.

Who went to the gentleman from Georgia's [Mr. GINGRICH] district and asked him if there is anything we can do to solve his problem in Atlanta?

Is this a can of worms that we want to open? I will guarantee my colleagues it is not because if we do not pass this amendment and strike this provision, I will guarantee that Monday morning I am going to be in your office asking that my problem in Seattle be solved.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. CHANDLER. Mr. Chairman, I am happy to yield to the gentleman from New Jersey.

Mr. HOWARD. Mr. Chairman, is the gentleman stating that the Committee on Public Works and Transportation is at fault because we did not go around and visit each office, knowing that an aviation bill was coming up, asking them about the airport in their home districts? Or do we presume that Members would be looking at their own districts and coming to the Committee on Public Works and Transportation with that particular problem?

Mr. CHANDLER. Mr. Chairman, if I might reclaim my time, what I have been doing is, I have been working in my own district with our own port authority and not assuming that it was appropriate to come to the Congress of the United States to work out a problem which is more appropriately handled in our own area.

I will tell my colleagues that if we put the airplanes out over the gentleman from Washington's [Mr. LOWRY] district, then he is going to be in to see you. If you put them up over the gentleman from Washington's [Mr. SWIFT] district, he will argue that the Snohomish County is not represented on the port of Seattle.

I think that we are really making a precedent here that is going to cause you fellows some grief that you are going to really regret, and I guarantee my colleagues that if we are going to solve the problem of the gentleman from California who proposes this idea, I am going to come back and ask that my problem be solved.

Am I going to be told "no" because I am a Republican?

Mr. HOWARD. Mr. Chairman, will the gentleman yield to me?

Mr. CHANDLER. Mr. Chairman, yes, I am happy to yield to the gentleman from New Jersey.

Mr. HOWARD. Mr. Chairman, I would like to ask, if I might, of the gentleman from Georgia [Mr. GINGRICH], whether he feels in any way that I as chairman of this subcommittee would be inclined to say no to the gentleman just because he is a Republican? That is the question the gentleman from Washington [Mr. CHANDLER] asked me.

Mr. GINGRICH. Mr. Chairman, will the gentleman yield?

Mr. CHANDLER. Mr. Chairman, I am happy to yield to the gentleman from Georgia.

Mr. GINGRICH. Mr. Chairman, let me say to my good friend, the gentleman from New Jersey [Mr. HOWARD], the chairman of the Committee on Public Works and Transportation, that I am confident that your door is always open for people to come in with problems. I will say, and in fact I was just talking with the gentleman from California [Mr. MINETA], and we may want to get involved in this for a couple of minutes if necessary, but had a Republican come to me as the ranking Republican member on the subcommittee and said, "I have a problem I want to deal with legislatively between two Members involving a noise issue at an airport," I would have said, I do not think that is an appropriate vehicle.

If they had furthermore said to me, "By the way, I happen to have this air transport letter on safety and I happen to have the Federal Aviation Administration Administrator's letter on safety," I would have said to them that I will personally actively oppose you should you bring that up.

So I would say to my good friend, the gentleman from New Jersey [Mr. HOWARD], that it is not a question of whether my door is open or whether your door is open, I would have suggested up until today that it was not within the precedence of this committee on this kind of bill to be doing quite this kind of decisionmaking or legislating about safety and about the use of an airport.

But I may have been misinformed.

In chatting with the gentleman from California [Mr. MINETA], the subject came up maybe we should say to every Member of the House to vote no on the gentleman from California's [Mr. MOORHEAD] amendment and come to us next week and let us open up to the Committee on Public Works and Transportation for every single local noise problem that our colleagues would like to have solved.

Mr. CHANDLER. Mr. Chairman, reclaiming my time, let me make my point. All I am saying to the gentleman from New Jersey [Mr. HOWARD] is that I do not question him, and I do not question the gentleman from California [Mr. MINETA]. I am convinced that fairness would prevail. I believe your door would be open. I just think that we are going to set aside an awful lot of time for Members like myself and others who are going to be in with just as legitimate a request as the one being brought before us here.

□ 1300

It is not appropriate the Members of Congress from the rest of the country decide what is best for the city of Seattle, and I am not about to ask the gentleman, but I think it is inappropriate for this case to be brought here too for exactly the same reason.

Mr. BERMAN. Mr. Chairman, will the gentleman yield?

Mr. CHANDLER. I yield to the gentleman from California.

Mr. BERMAN. Mr. Chairman, I thank the gentleman for yielding to me.

I think the gentleman draws a very inappropriate inference with respect to Members willy-nilly coming to the Committee on Public Works and Transportation to solve a local problem, and somehow imply that is what went on here.

There is a 7-year history, political process which provides no alternative. We tried at the regional level and at the State level and through report language.

The CHAIRMAN. The time of the gentleman from Washington [Mr. CHANDLER] has expired.

(On request of Mr. BERMAN, and by unanimous consent, Mr. CHANDLER was allowed to proceed for 1 additional minute.)

Mr. BERMAN. Mr. Chairman, will the gentleman yield further?

Mr. CHANDLER. I yield to the gentleman from California.

Mr. BERMAN. This is in effect a court of last resort, a process of last resort.

I cannot think of anything I would rather do less than spend a lot of my time dealing with the particularly runway utilization process in a local area; but there is a whole structure which denies representation to a huge group of people that the city of Los Angeles has come to us and asked us to do this, the mayor of Los Angeles.

We have had the Transportation Subcommittee of the Committee on Appropriations asking for authority to adjust this, and there has been a great deal of arrogance and promises that have been broken, and I think it is appropriate then to say that if there is no other solution, we look to the legislative process.

Mr. CHANDLER. Mr. Chairman, let me conclude by saying I can sympathize with the gentleman's position.

The airplanes not only go over the houses of my constituents, they go right over my own; but I can guarantee the gentleman, Mr. Chairman, I am not going to come and ask the gentleman to solve that problem.

Mr. HOWARD. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto expire now.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. MOORHEAD].

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. BERMAN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2, rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 341]

Ackerman  
Akaka  
Alexander  
Anderson  
Andrews  
Annunzio  
Anthony  
Applegate  
Archer  
Aspin  
Atkins  
AuCoin  
Badham  
Baker  
Ballenger  
Barnard  
Bartlett  
Barton  
Bates  
Beilenson  
Bennett  
Bentley  
Bereuter  
Berman  
Bevill  
Billbray  
Billirakis  
Billey  
Boehert  
Boggs  
Boland  
Bonior (MI)  
Bonker  
Borski  
Bosco  
Boucher  
Boulter  
Boxer  
Brennan  
Brooks

Broomfield  
Brown (CO)  
Bruce  
Bryant  
Buechner  
Bunning  
Burton  
Bustamante  
Byron  
Callahan  
Campbell  
Cardin  
Carper  
Carr  
Chandler  
Chapman  
Chappell  
Cheney  
Clarke  
Clay  
Clinger  
Coats  
Coble  
Coelho  
Coleman (MO)  
Coleman (TX)  
Collins  
Combest  
Conte  
Cooper  
Coughlin  
Courter  
Coyne  
Craig  
Crane  
Crockett  
Daniel  
Dannemeyer  
Darden  
Daub

Davis (IL)  
Davis (MI)  
de la Garza  
DeFazio  
DeLay  
Dellums  
Derrick  
DeWine  
Dickinson  
Dicks  
Dingell  
DioGuardi  
Dixon  
Donnelly  
Dorgan (ND)  
Dornan (CA)  
Downey  
Dreier  
Duncan  
Durbin  
Dwyer  
Dymally  
Dyson  
Eckart  
Edwards (CA)  
Edwards (OK)  
Emerson  
English  
Erdreich  
Espy  
Evans  
Fascell  
Fawell  
Fazio  
Feighan  
Fields  
Fish  
Flake  
Filippo  
Florio

Foglietta  
Foley  
Ford (MI)  
Ford (TN)  
Frank  
Frenzel  
Frost  
Gallegly  
Gallo  
Garcia  
Gaydos  
Gejdenson  
Gekas  
Gibbons  
Gingrich  
Glickman  
Gonzalez  
Gordon  
Gradison  
Grandy  
Grant  
Gray (PA)  
Green  
Gregg  
Guarini  
Gunderson  
Hall (OH)  
Hall (TX)  
Hamilton  
Hammerschmidt  
Hansen  
Harris  
Hastert  
Hatcher  
Hawkins  
Hayes (IL)  
Hayes (LA)  
Hefley  
Hefner  
Henry  
Herger  
Hertel  
Hiler  
Hochbrueckner  
Holloway  
Hopkins  
Horton  
Houghton  
Howard  
Hoyer  
Hubbard  
Huckaby  
Hughes  
Hunter  
Hutto  
Hyde  
Inhofe  
Ireland  
Jacobs  
Jeffords  
Jenkins  
Johnson (CT)  
Johnson (SD)  
Jones (NC)  
Jones (TN)  
Jontz  
Kanjorski  
Kaptur  
Kasich  
Kastenmeier  
Kennedy  
Kennelly  
Kildee  
Kleczka  
Kolbe  
Kolter  
Konnyu  
Kostmayer  
Kyl  
LaFalce  
Lagomarsino  
Lancaster  
Lantos  
Latta  
Leach (IA)  
Leath (TX)  
Lehman (CA)  
Lehman (FL)  
Leland  
Lent  
Levin (MI)  
Levine (CA)  
Lewis (CA)  
Lewis (FL)  
Lightfoot  
Lipinski  
Lloyd

Lott  
Lowery (CA)  
Lowry (WA)  
Lujan  
Luken, Thomas  
Lukens, Donald  
Lungren  
Mack  
MacKay  
Madigan  
Manton  
Markey  
Marlenee  
Martin (IL)  
Martin (NY)  
Martinez  
Matsui  
Mavroules  
Mazzoli  
McCandless  
McCloskey  
McCollum  
McCurdy  
McDade  
McEwen  
McGrath  
McMillan (NC)  
McMillen (MD)  
Meyers  
Mfume  
Mica  
Michel  
Miller (CA)  
Miller (OH)  
Miller (WA)  
Mineta  
Moakley  
Mollohan  
Montgomery  
Moody  
Moorhead  
Morella  
Morrison (CT)  
Morrison (WA)  
Mrazek  
Murphy  
Myers  
Nagle  
Natcher  
Neal  
Nelson  
Nelson  
Nowak  
Oakar  
Oberstar  
Obey  
Olin  
Owens (NY)  
Owens (UT)  
Oxley  
Packard  
Panetta  
Parris  
Pashayan  
Patterson  
Pease  
Pelosi  
Penny  
Perkins  
Petri  
Pickett  
Pickle  
Porter  
Price (IL)  
Price (NC)  
Pursell  
Quillen  
Rahall  
Rangel  
Ravenel  
Ray  
Regula  
Rhodes  
Richardson  
Ridge  
Rinaldo  
Ritter  
Roberts  
Robinson  
Rodino  
Roe  
Rogers  
Rose  
Rostenkowski  
Roth  
Roukema  
Rowland (CT)

Rowland (GA)  
Russo  
Sabo  
Saki  
Savage  
Sawyer  
Saxton  
Schaefer  
Schneider  
Schroeder  
Schuette  
Schulze  
Schumer  
Sensenbrenner  
Shaw  
Shays  
Shumway  
Shuster  
Sikorski  
Sisisky  
Skaggs  
Skeen  
Skelton  
Slattery  
Slaughter (NY)  
Slaughter (VA)  
Smith (FL)  
Smith (IA)  
Smith (NE)  
Smith (NJ)  
Smith (TX)  
Smith, Denny  
(OR)  
Smith, Robert  
(NH)  
Smith, Robert  
(OR)  
Snowe  
Solarz  
Solomon  
Spratt  
St Germain  
Staggers  
Stallings  
Stangeland  
Stark  
Stenholm  
Stratton  
Studds  
Stump  
Sundquist  
Sweeney  
Swift  
Swindall  
Synar  
Tallon  
Tauke  
Taylor  
Thomas (CA)  
Thomas (GA)  
Torres  
Torrice  
Towns  
Traficant  
Traxler  
Udall  
Upton  
Valentine  
Vander Jagt  
Vento  
Visclosky  
Volkmer  
Vucanovich  
Walgren  
Walker  
Watkins  
Waxman  
Weber  
Weldon  
Wheat  
Whittaker  
Whitten  
Williams  
Wilson  
Wise  
Wolf  
Wolpe  
Wortley  
Wright  
Wyden  
Wylie  
Yates  
Yatron  
Young (AK)  
Young (FL)

## □ 1315

The CHAIRMAN. Four hundred six Members have answered to their names, a quorum is present, and the Committee will resume its business.

## RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from California [Mr. BERMAN] for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. The Chair will remind Members that this will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 198, noes 211, not voting 25, as follows:

## [Roll No. 342]

## AYES—198

Akaka	Hall (OH)	Penny
Alexander	Hall (TX)	Petri
Applegate	Hammerschmidt	Porter
Archer	Hansen	Pursell
Army	Hastert	Quillen
Badham	Hefley	Ravenel
Baker	Henry	Regula
Ballenger	Herger	Rhodes
Bartlett	Hill	Rinaldo
Barton	Holloway	Ritter
Bentley	Hopkins	Roberts
Bereuter	Horton	Robinson
Billirakis	Houghton	Rogers
Billie	Hubbard	Roth
Boehlert	Hunter	Roukema
Boulter	Hutto	Rowland (CT)
Broomfield	Hyde	Roybal
Brown (CO)	Inhofe	Saiki
Buechner	Ireland	Saxton
Bunning	Jeffords	Schaefer
Burton	Johnson (CT)	Schneider
Callahan	Johnson (SD)	Schuetz
Campbell	Kasich	Schulze
Carper	Kastenmeier	Sensenbrenner
Carr	Kolbe	Shaw
Chandler	Konnyu	Shays
Cheney	Kyl	Shumway
Clarke	Lagomarsino	Shuster
Clinger	Latta	Skaggs
Coats	Leath (TX)	Skeen
Coble	Lent	Slaughter (VA)
Coleman (MO)	Lewis (CA)	Smith (NE)
Combest	Lewis (FL)	Smith (NJ)
Conte	Lightfoot	Smith (TX)
Coughlin	Lloyd	Smith, Denny
Craig	Lott	(OR)
Crane	Lowery (CA)	Smith, Robert
Daniel	Lujan	(NH)
Dannemeyer	Lukens, Donald	Smith, Robert
Daub	Lungren	(OR)
Davis (IL)	Mack	Snowe
Davis (MI)	Madigan	Solomon
DeLay	Marlenee	Stangeland
DeWine	Martin (IL)	Stenholm
Dickinson	Martin (NY)	Stratton
DioGuardi	McCandless	Stump
Dorgan (ND)	McCollum	Sundquist
Dorman (CA)	McDade	Sweeney
Dreier	McEwen	Swift
Duncan	McGrath	Swindall
Edwards (OK)	McMillan (NC)	Tauke
Emerson	Meyers	Taylor
Fawell	Michel	Thomas (CA)
Fields	Miller (OH)	Torricelli
Fish	Miller (WA)	Udall
Frenzel	Montgomery	Upton
Gallely	Moorhead	Vander Jagt
Gallo	Morella	Vucanovich
Gekas	Morrison (WA)	Walker
Gilman	Myers	Weber
Gingrich	Nielson	Weldon
Glickman	Owens (UT)	Whittaker
Gradison	Oxley	Wolf
Grandy	Packard	Wortley
Green	Parris	Wylie
Gregg	Pashayan	Young (AK)
Gunderson	Patterson	Young (FL)

## NOES—211

Ackerman	Frost	Nowak
Anderson	Garcia	Oakar
Andrews	Gaydos	Oberstar
Annunzio	Gejdenson	Obeys
Anthony	Gibbons	Olin
Aspin	Gonzalez	Owens (NY)
Atkins	Gordon	Panetta
AuCoin	Grant	Pease
Barnard	Gray (PA)	Pelosi
Bates	Guarini	Pepper
Bellenson	Hamilton	Perkins
Bennett	Harris	Pickett
Berman	Hatcher	Pickle
Bevill	Hawkins	Price (IL)
Bilbray	Hayes (IL)	Price (NC)
Boggs	Hayes (LA)	Rahall
Boland	Hefner	Rangel
Bonior (MI)	Hertel	Ray
Bonker	Hochbrueckner	Richardson
Borski	Howard	Rodino
Bosco	Hoyer	Roe
Boucher	Huckaby	Rose
Boxer	Hughes	Rostenkowski
Brennan	Jacobs	Rowland (GA)
Brooks	Jenkins	Russo
Bruce	Jones (NC)	Sabo
Bryant	Jones (TN)	Savage
Bustamante	Jontz	Sawyer
Byron	Kanjorski	Scheuer
Cardin	Kaptur	Schroeder
Chapman	Kennedy	Schumer
Chappell	Kennelly	Sikorski
Clay	Kildee	Siskis
Coelho	Kleczka	Skelton
Coleman (TX)	Kolter	Slattery
Collins	Kostmayer	Slaughter (NY)
Cooper	LaFalce	Smith (FL)
Courter	Lancaster	Smith (IA)
Coyne	Lantos	Solarz
Crockett	Lehman (CA)	Spratt
Darden	Lehman (FL)	St Germain
de la Garza	Leland	Staggers
DeFazio	Levin (MI)	Stallings
Dellums	Levine (CA)	Stark
Derrick	Lipinski	Stokes
Dicks	Lowry (WA)	Studds
Dingell	Lukens, Thomas	Synar
Dixon	MacKay	Tallon
Dixon	Manton	Thomas (GA)
Donnelly	Markey	Torres
Downey	Martinez	Towns
Durbin	Matsui	Traficant
Dwyer	Mavroules	Traxler
Dymally	Mazzoli	Valentine
Dyson	McCloskey	Vento
Eckart	McCurdy	Visclosky
Edwards (CA)	McMillen (MD)	Volkmer
English	Mfume	Walgren
Erdreich	Mica	Watkins
Espy	Miller (CA)	Waxman
Evans	Mineta	Wheat
Fascell	Moakley	Whitten
Fazio	Mollohan	Williams
Feighan	Moody	Wilson
Flake	Morrison (CT)	Wise
Flippo	Mrazek	Wolpe
Florio	Murphy	Wyden
Foglietta	Nagle	Yates
Foley	Natcher	Yatron
Ford (MI)	Neal	
Ford (TN)	Nelson	
Frank		

## NOT VOTING—25

Bateman	Gray (IL)	Ortiz
Biaggi	Kemp	Ridge
Boner (TN)	Leach (IA)	Roemer
Brown (CA)	Lewis (GA)	Sharp
Conyers	Livingston	Spence
Dowdy	McHugh	Tauzin
Early	Molinar	Weiss
Gephardt	Murtha	
Goodling	Nichols	

The Clerk announced the following pairs:

On this vote:

Mr. Ridge for, with Mr. Lewis of Georgia against.

Mr. Spence for, with Mr. Weiss against.

Mr. SYNAR changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

## □ 1330

## AMENDMENTS OFFERED BY MR. MINETA

Mr. MINETA. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. MINETA: Page 13, line 19, insert "or airport sponsor" after "Each State".

Page 13, lines 24 and 25, insert "and airport sponsors" after "State governments".

Page 16, lines 12 and 13, strike out "other than primary airports".

Page 20, after line 3, insert the following new paragraph:

(6) PUERTO RICO.—Notwithstanding subsection (a)(3)(B), funds appropriated under such subsection for airports in the Commonwealth of Puerto Rico may be made available by the Secretary for primary airports and airports described in section 508(d)(3) in such Commonwealth.

Mr. MINETA (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MINETA. Mr. Chairman, the purpose of my first amendment is to make a perfecting change to the amendment adopted by our committee and authored in committee by my fine colleague from Georgia, Representative JOHN LEWIS. Mr. LEWIS' provision establishes a set-aside of at least 10 percent from funds made available each fiscal year, beginning in fiscal year 1988, for the Airport Improvement Program, for small business concerns owned and controlled by socially and economically disadvantaged individuals. This set-aside requirement will apply to funds made available for the Airport Improvement Program under the authorizations contained in this bill for fiscal year 1988 through 1992.

The amendment I now offer specifically provides for the annual survey and certification of disadvantaged business enterprises, pursuant to rules and procedures issued by the Secretary of Transportation, by airport sponsors as well as by States. Airport sponsors are already in the business of identifying such firms under the existing Department of Transportation's Minority Business Enterprise Program regulations. This amendment will thus build upon the experience gained by local airports since the DOT MBE requirements were put into effect in 1980.

I urge my colleagues to support this perfecting amendment which will apply to the Airport Improvement Program the same disadvantage business enterprise set-aside requirements that this House overwhelmingly supported in March of this year for the highway and transit programs.

Mr. Chairman, my second amendment is designed to give more flexibility to the insular areas in the use of apportioned funds for airport development. Under current law, the apportionment for airports in the insular areas must be used for small commercial service airports or general aviation airports. In the past, there have been years in which the insular areas have not had any development needs at small airports. As a result, they have been unable to use the funds which have been allocated to them. My amendment would give the insular areas flexibility to use their apportioned funds for development at commercial service airports.

This amendment has been cleared with the Delegates and Resident Commissioner from the insular areas. It is my understanding that FAA has no objection to it. Aviation is critical to the development of the insular areas and it is appropriate to allow them to apply their apportioned funds to airports where the capital needs are the greatest. I urge adoption of this amendment.

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I am pleased to yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. Mr. Chairman, we have examined the amendments offered by the gentleman from California, we accept them and support them from this side of the aisle.

The CHAIRMAN. The question is on the amendments offered by the gentleman from California [Mr. MINETA].

The amendments were agreed to.

AMENDMENT OFFERED BY MR. SOLOMON

Mr. SOLOMON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLOMON: Strike out section 112 of the bill and insert in lieu thereof the following:

SEC. 112. PART-TIME OPERATION OF FLIGHT SERVICE STATIONS.

Section 528 is amended to read as follows: "SEC. 528. PART-TIME OPERATION OF FLIGHT SERVICE STATIONS.

"(a) GENERAL RULE.—On or after July 15, 1987, the Secretary shall not close, or reduce the hours of operation of, any flight service station in any area unless the service provided in such area after the closure of such station or during the hours such station is not in operation will be provided by an automated flight service station with model 1 or better equipment.

"(b) SPECIAL RULE.—As soon as practicable after the date of the enactment of the Airport and Airway Improvement Amendments of 1987, the Secretary shall reopen any flight service station closed between March

25, 1987, and July 14, 1987 if the service provided in the area in which such station is located since the date of such closure has not been provided by an automated flight service station with model 1 or better equipment. The hours of operation for such station shall be the same as the hours of operation of such station on March 25, 1987. After reopening such station, the Secretary may only close or reduce the hours of operation of such station in accordance with subsection (a)."

Mr. SOLOMON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SOLOMON. Mr. Chairman, I also ask unanimous consent that a printing error on the first line of the amendment which refers to section 12 be corrected to refer as it does in the title to section 112.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SOLOMON. Mr. Chairman, between March 25, 1987, and July 14, 1987, the Federal Aviation Administration [FAA] closed eight flight service stations in northern New York, New Hampshire, Maine, and Vermont.

The FAA rushed these closings even though a bill was awaiting President Reagan's signature that would keep these stations open until the airports were provided with an automated flight service station with model one—or better—full capacity equipment. Current law requires this equipment.

This means that the FAA created nonautomated automated flight stations that do not comply with the law.

My amendment would require, as soon as practicable after the date of enactment of this bill, that the Secretary shall reopen these flight service stations if they have not been provided with an automated flight service station with model one or better equipment.

When Admiral Engem testified before the Transportation Appropriations Subcommittee on April 23, 1987, in answer to a specific question from Congressman BOB CARR, "it is our intention not to close any more flight service stations until they comply with the intent of this pending law."

Admiral Engem, subsequently went to the Paris Air Show and while he was gone the FAA bureaucracy went against his will and closed the eight flight service stations.

All I ask is that our pilots and passengers who use these airports be given the same air safety, protections that all other people have throughout the United States.

Mr. MINETA. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I am glad to yield to the gentleman from California.

Mr. MINETA. Mr. Chairman, the majority side has had an opportunity to look at this amendment. We are in agreement with it and feel we ought to move ahead and accept this amendment.

Mr. SOLOMON. I very much appreciate the support of the chairman of the subcommittee.

Mr. MARTIN of New York. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from New York.

Mr. MARTIN of New York. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment offered by my good friend and colleague, Mr. SOLOMON. This amendment would require the Federal Aviation Administration to reopen any flight service station closed between March 25, 1987, and July 14, 1987, if the service provided in the area in which such a station is located since the date of such closure has not been provided by an automated flight service station with model 1 or better equipment. The language is essentially identical to legislation Mr. SOLOMON and I introduced in July of this year.

In June the Federal Aviation Administration shut down the flight service stations in Massena and Watertown, NY, which are in my congressional district, and began operation of an Automatic Flight Service Center in Burlington, VT, which was not yet fully and adequately staffed and equipped. That action represented a callous attitude on the part of the FAA toward the safety of the flying public and a shocking disregard for the welfare of pilots and airline passengers. And, it is would appear, Mr. Chairman, that the FAA continues to disregard their safety and welfare as model 1 equipment still has not been installed at the facility in Burlington.

The legitimate concerns over the safety of air space through upstate New York must be addressed and the language of this amendment does just that. I intend to monitor the FAA's progress in this regard and to hold them accountable until they either reopen these flight service stations or provide the appropriate equipment in Burlington. It is the least they can do.

I urge my colleagues to approve this amendment.

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I am glad to yield to the gentleman from Arkansas, the ranking member of the full committee.

Mr. HAMMERSCHMIDT. Mr. Chairman, we are very familiar with the gentleman's amendment, we commend him for it, and we accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. SOLOMON].

The amendment was agreed to.

Mr. FLORIO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of H.R. 2310 and urge my colleagues to

join in approving this legislation to reauthorize the Airport and Airway Improvement Act and continue funding to develop and improve our Nation's airports and airways.

I am particularly supportive of a provision dealing with the problem of aircraft noise pollution. I commend the Committee on Public Works for their efforts in addressing a program that exists in any community near a major airport.

Over 7 million people are impacted by aircraft noise and 900,000 acres of land are so impacted that HUD will not approve construction guarantees for this land.

As chairman of the House Subcommittee on Transportation and Commerce in the late 1970's, I was very involved in the enactment of several laws dealing with aircraft noise. Both the 1978 Quiet Communities Act and the 1979 Aviation Safety and Noise Abatement Act recognized the seriousness of this program and charged both the EPA and the FAA with the authority to do something about it.

The EPA has since gotten itself out of the noise regulating business simply by not having their noise program funded. This is what I will be working to address in the coming months.

The FAA was able to develop a procedure that airports could follow to assess noise problems in their communities and take steps, that would be funded partially by the Federal Government, to mitigate noise. This part 150 study process is a voluntary one. However, it is an effective way of objectively assessing the problem and dealing with it.

In my own State of New Jersey, airport noise has become a key issue. Increased activity and changes in routing patterns have sparked noise complaints from communities near Philadelphia International Airport and Newark International Airport.

As a result of these complaints and numerous meetings with both airport officials, studies are now underway at both airports. At my request, the Philadelphia airport study was completed this summer and a report is due in the coming weeks. The Port Authority of New York and New Jersey has agreed to begin a study at my request on the Newark problem.

Airport noise, however, is a problem in communities across the country. In many cases, airports have not been willing to meet community concerns. Out of over 400 airports, 125 have completed or are in the process of completing part 150 studies and developing noise compatibility plans.

For this reason, I am pleased that H.R. 2310 contains a provision that will hopefully provide impetus to airports to address the noise problem. If an airport does not make "good faith" efforts to deal with noise, then 10 percent of the airports AIP funding is

taken away and given to the community. The community then can use this money to pay for noise mitigation.

I direct the attention of my colleagues—and, I hope airport operators will take note—to my colloquy with Mr. MINETA earlier where we pointed out that the preferred method of dealing with airport noise is an FAA-approved part 150 study.

This provision of H.R. 2310 will hopefully give airport operators a push in dealing with noise in their communities, or at the least, provide some funding to these communities to protect themselves from noise.

I hope that we can signal through this legislation our commitment to addressing valid concerns of communities that are plagued by airport noise than can be mitigated.

I would like to enter into a colloquy with the gentlemen from California [Mr. MINETA].

First, I would like to commend you and the Committee on Public Works for including in this legislation provisions to assist communities in addressing the problem of airport noise. As chairman of the House Subcommittee on Transportation and Commerce in 1979, I was involved in the enactment of the Aviation Safety and Noise Abatement Act of 1979. I share the interest of the committee in seeking to ensure that communities whose noise concerns are not being met by the local airport have the funding to address airport noise problems.

As the chairman knows, the Aviation Safety and Noise Abatement Act authorized a process that airports can use to determine the nature of a noise problem within a community and take effective steps to mitigate noise. The FAA's FAR part 150 airport noise compatibility planning program includes a systematic process that airports can use to make an objective assessment of the problem in the community and develop a noise compatibility plan that will meet the concerns.

The program involves community and local government input as well as Federal funding for implementation of the plan in agreeing to conduct a part 150 study, the airport undertakes the development of a noise exposure forecast for an airport over the next 5 years. The forecast incorporates information on flight operations and noise levels as well as consultation with the States, public and planning agencies, regular airport users and the FAA, as well as public comment.

Part of the 150 process involves developing a noise compatibility program. The program can include land acquisition, soundproofing, preferential runways, modification of flight procedures, restrictions on aircraft classes, capacity limitations, partial or complete curfews. The FAA must approve both the process and the plan an airport develops.

Though the process is a voluntary one, 125 airports across the country have undertaken or are in the process of a part 150 program. Unfortunately, many large airports have been reluctant to undertake part 150 programs in the face of complaints. I have recently worked with officials overseeing Philadelphia International Airport and Newark International Airport. I am pleased that the officials agreed to undertake limited noise studies. However, both airports are reluctant to undertake full-blown part 150 programs because of various factors.

I understand that this legislation stresses congressional preference for the part 150 process as the method airports should be using to address noise concerns. I would like to clarify that provision with the gentleman from California.

Mr. MINETA. If the gentleman will yield, I thank the gentleman from New Jersey for his interest and his involvement in the issue of noise pollution. I agree with him that the FAA has developed a process, as directed by the Congress, that meets the concerns of airport communities with a process that balances all aspects of the noise problem while including input from the communities involved, as well as airport users.

The gentleman is correct in stating that section 10 of H.R. 2310 reinforces the preferability of the part 150 process as the means for achieving the objective of addressing noise concerns. In the committee's report language, we have held that the preferable means of mitigating noise exposure is through the airport's implementation with AIP grant assistance of an FAA-approved part 150 program that has been developed with the cooperation of jurisdictions involved.

Under this provision, if an airport is not making a "good faith effort toward that end," 10 percent of the airport's development apportionment should be transferred to the impacted communities for noise abatement projects.

Mr. FLORIO. Is it also correct that the Transportation Secretary can waive the part 150 process in cases of a determination that there is no problem, or in cases where an airport has undertaken a comprehensive noise program that is consistent with the objectives of 1979?

Mr. MINETA. That is correct. In a sense, the burden of proof for not doing a part 150 study is placed on the airport and the Secretary needs to make a determination that the reasons for not conducting one are valid and still within the intent of the 1979 Aviation Safety and Noise Abatement Act.

Mr. FLORIO. I thank the gentleman for his clarification.

AMENDMENT OFFERED BY MR. HUGHES

Mr. HUGHES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HUGHES: On page 52, after line 18, insert the following new section:

SEC. 121. ATLANTIC CITY AIRPORT.

(a) LIMITATION ON FUNDING OR TRANSFER OF PROPERTY.—Notwithstanding any other provision of law, with regard to the Atlantic City Airport, at Pomona, New Jersey, the Federal Aviation Administration shall not convey any interest in property (pursuant to section 516 of this title) to any municipality or any other entity operating such airport, nor shall any funds authorized by this Act be available to such municipality or entity for any planning, study, design, engineering, or construction of a runway extension, new runway, new passenger terminal, or improvements to or expansion of the existing passenger terminal at such airport, until such time as—

(1) the Master Plan Update for Atlantic City Airport and Bader Field, prepared pursuant to Federal Aviation Administration Contract FA-EA-2656, is completed and released; and

(2) the Administrator of the Federal Aviation Administration finds that a public entity has been created to operate and manage the Atlantic City Airport, which entity has the following characteristics:

(A) the authority to enter into contracts and other agreements, including contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States;

(B) the standing to sue and be sued in its own name;

(C) the authority to hire and dismiss officers and employees;

(D) the power to adopt, amend and repeal bylaws, rules, regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised;

(E) the authority to acquire, in its own name, an interest in such real or personal property as is necessary or appropriate for the operation and maintenance of the airport;

(F) the power to acquire property by the exercise of the right of eminent domain;

(G) the power to borrow money by issuing marketable obligations, or such other means as is permissible for public authorities under the laws of the State of New Jersey;

(H) adequate financial resources to carry out all activities which are ordinarily necessary and appropriate to operate and maintain an airport;

(I) a governing board which includes (but need not be limited to) voting representatives of the City of Atlantic City, the County of Atlantic, and the municipalities which are adjacent to or are directly impacted by the airport;

(J) a charter which includes (i) a requirement that members of the governing board have expertise in transportation, finance, law, public administration, aviation, or such other qualifications as would be appropriate to oversee the planning, management, and operation of an airport; and (ii) procedures which protect the research and development mission of the Federal Aviation Technical Center at Pomona, New Jersey, and the defense functions of the Air National Guard; and

(K) the authority to carry out comprehensive transportation planning to minimize

the traffic congestion and facilitate access to and from the airport.

(b) SAFETY FUNDS NOT SUBJECT TO LIMITATION.—The limitation on funds set forth in subsection (a) shall not apply to any expenditure which the Administrator of the Federal Aviation Administration determines is needed for safety purposes.

(c) EFFECTIVE DATE.—The restriction set forth in subsection (a) shall be applicable only to funds which are authorized for the fiscal year beginning October 1, 1987. Notwithstanding any other provision of law, the funds restricted under subsection (a) shall become available at such time as the conditions set forth in subsection (a) are satisfied.

Mr. HUGHES (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HUGHES. Mr. Chairman, as my colleagues may know, there has been tremendous growth in recent years in my southern New Jersey congressional district, which includes the Atlantic City area. Indeed, Atlantic City, where casino gaming was legalized just 11 years ago, is now the leading tourist destination in the United States, with some 30 million people visiting the city each year.

While this growth is welcome, it has brought with it a number of major problems insofar as the existing transportation infrastructure has proven to be inadequate to serve the burgeoning needs of tourists and residents alike. In particular, the area desperately needs a large, modern, and efficient airport. The lack of such an airport has become a major transportation bottleneck, choking off the city's development as a destination resort, and forcing visitors to use forms of transportation which generate congestion and pollution.

The airports which currently serve the Atlantic City area consist of a small facility at Bader Field, which is not really suitable for expansion, and a second facility at Pomona, NJ, about 12 miles outside of Atlantic City. This latter facility, which includes 83 acres of city-owned land and 5,000 acres owned by the Federal Aviation Administration, holds great promise for expanded use and service. However, to fulfill that promise, a comprehensive regional plan needs to be adopted for the area. Also, a number of improvements need to be made at or near the airport, including the construction of a new terminal building on adjacent federally owned land, the expansion or relocation of nearby access roads, and coordination with a planned rail line that will run by the fringes of the airport.

Unfortunately, there are several serious legal and jurisdictional obstacles which have prevented such planning

and improvements from going forward. One of the most serious problems is that the governmental power to take effective action at the airport or the surrounding environs is now fragmented among a number of local jurisdictions.

Atlantic City, which is currently the owner-operator of the airport, lacks the power to take certain essential actions at the airport, 12 miles beyond its own borders, such as planning, exercising the power of eminent domain, constructing new roads, zoning, and the like. Conversely, although the county of Atlantic has some of the powers which the city lacks, it currently has no voice in airport decisionmaking, including the adoption of policies which will require coordinated action from all the local jurisdictions.

Meanwhile, the townships which are immediately adjacent to the airport, which stand to experience the greatest impact from airport development, likewise have no institutionalized role in the development of airport policies, even though they will also be required to coordinate their actions with the airport management.

To further complicate the problem, the airport grounds are under split ownership. Atlantic City owns 83 acres including the existing terminal building, but the Federal Aviation Administration owns the balance of 5,000 acres, which includes the runways, control tower, and the site of a planned, new terminal building.

Finally, whatever the future of the airport, there is a need to make sure that airport planning protects the role of the Federal Aviation Administration's tech center, as well as the Air National Guard, both of which have major activities at Pomona.

As a result of the competing needs, and fragmented ownership and jurisdiction I have just described, there is now general recognition that ownership of the airport must be consolidated in a single regional entity, which will protect the FAA and DOD roles at the airport, as well as undertake the comprehensive planning and implementation of transportation policy that is required at a large, modern airport.

Unfortunately, Mr. Chairman, the local governments in the region have been very slow to make the compromises that are needed to establish such a regional authority. There is also a degree of competition and mistrust among the various units of local government that has sometimes generated friction instead of cooperation.

Since Atlantic City will be one of the airport's major clients, there is no question that it must have a meaningful role in airport planning and operation. By the same token, the county—with its area-wide powers—must be included so that regional concerns can

be addressed. Cooperation is also required from those adjacent communities that will bear the impact of expanded airport operations. I liken the situation to a team of three horses: When they pull together, they can make progress; but when they pull in opposite directions, there can only be stalemate and inaction.

As the situation currently exists, we unfortunately have the latter situation. As a result, no major improvement have been made at the airport, except for band-aid plans to spruce up the old terminal building which is obsolete, and needs to be replaced with a new building elsewhere at the facility. Expansion of service has proved to be impossible, and the entire region has suffered.

Under the circumstances, Mr. Chairman, I find it very difficult to justify the expenditure of any further Federal funds at the Atlantic City Airport until such time as the local governments in the vicinity have compromised their differences and formed a regional authority that can undertake the long-range planning and improvements that are so absolutely necessary.

Accordingly, the amendment I am offering would fence off any further funding for the Atlantic City Airport, except for safety-related expenditures, until a regional authority has been created. My amendment also would prevent the transfer of any FAA land for airport purposes until a regional authority has been created.

The language of my amendment basically tracks the recommendations of the FAA's Atlantic City airports role study, released in 1983, which sets forth the characteristics required for an airport authority to operate and develop the Atlantic City Airport. These include the ability to sponsor Federal grants, the power of eminent domain, financial stability, and the like.

On the other hand, my amendment does not attempt to dictate to the local governments as to the composition or form of the regional authority. It does not set forth any requirement, for example, as to the balance of power on the authority or what percentage of the votes should belong to what parties. This is not a case of the Federal Government attempting to impose its will on local governments. Rather, it is a simple recognition that the current situation is not positive or constructive with regard to the future growth of the airport or for the prudent use of public funds and that further Federal funds should not be expended until an area-wide planning and implementing entity is in place to meet the needs of the area.

Mr. Chairman, I urge the adoption of my amendment.

Mr. MINETA. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I am happy to yield to the gentleman from California.

Mr. MINETA. Mr. Chairman, I am pleased to urge your support of the amendment offered by my distinguished colleague from New Jersey, Mr. HUGHES, concerning the Atlantic City Airport. By adopting his amendment, we will encourage local and State officials in Atlantic City, Atlantic County and the neighboring townships to work together to plan for the improvement and expansion of the airport. Under the amendment, Federal airport improvement funds for safety-related projects would continue to flow while negotiations on the formation of a regional airport authority and airport planning continue.

Given the support for this amendment in the New Jersey State delegation and the fact that Federal assistance for safety improvements at the Atlantic City Airport will not be halted while the responsible local and State officials work to meet the needs of airline passengers traveling to Atlantic City, I urge support of this amendment.

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I am happy to yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. Mr. Chairman, I rise in support of this amendment. Currently, Atlantic City Airport is under the control of the city. Under this amendment, Federal funds for the airport will be denied unless a regional airport authority including voting representation of the city, the county, and adjacent municipalities is established to manage the airport. Adoption of this amendment should enhance development of this airport for this fast growing area.

I urge my colleagues to vote for this amendment.

Mr. GINGRICH. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Georgia.

Mr. GINGRICH. Mr. Chairman, we certainly accept the amendment on our side.

Mr. HUGHES. Mr. Chairman, the long and the short of the amendment is that we have unfortunately a situation in Atlantic City where we can prevent the kinds of problems experienced around the country hopefully with noise because we are about to develop a new, perhaps \$50 million airport desperately needed in our region to relieve some of the pressure on surrounding areas. The airport is located at a Federal facility, the FAA technical center at Pomona, NJ.

Atlantic City for years has operated a very small facility on 84 acres. The new facility will be operated on what is now Federal land across the field from where it is now. The Federal Government would have to convey land to an areawide entity, and unfor-

tunately the areas that call Pomona home, which is where the major changes take place, need some role in shaping their destiny as part of a regional authority, just as Atlantic City, that has operated across the field, should play some meaningful role, and the county which has areawide transportation responsibilities needs to play a meaningful role in an areawide authority.

But the bottom line is whatever takes place across the field on Federal land, with mostly Federal resources, should be dealt with on an areawide basis with a meaningful role for all of the various entities involved, and I would urge my colleagues to support the amendment.

Mr. FAUNTROY. Mr. Chairman, I rise to speak in opposition to the amendment.

Mr. Chairman, I rise in reluctant opposition to this amendment, reluctant because the distinguished author, the gentleman from New Jersey [Mr. HUGHES], and the chairman of the committee have been long-distance runners in terms of dealing with basic problems confronting this Nation, and they are close personal friends.

But this weekend past we had nearly 20,000 black Americans here in the Nation's Capital for the Congressional Black Caucus' annual legislative weekend. We dealt with many of the basic problems confronting the country in some 65 workshops, and in one of them the question of the plight of Atlantic City was brought to our attention, and the fact that Atlantic City may become victim of a disturbing trend across the country, that of losing valuable opportunities to deal with some of their basic housing, crime and education programs.

The fact is that Atlantic City has developed the Atlantic City Airport which is operated in conjunction with the FAA. Atlantic City had the foresight to set aside land around the turn of the century for this purpose and has invested substantial funds in land and the airport terminal facilities.

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It has a contract with Pan American World Airlines to provide high quality professional management of the airport and for its future development as a first-class international airport. Atlantic City now has proposed regionalizing the airport's ownership, but it is important that the city retain control of that regional authority. Now Atlantic County is trying to take the airport, I understand, away from the city and this, of course, is a local dispute and I do not believe the Federal Government should be involved in that.

Thus, I do not believe that H.R. 3131 is necessary or desirable, but it ought to be made absolutely clear that should this amendment pass that the

purpose of this legislation is not to wrest control of the airport from Atlantic City and place it under another jurisdiction. They are certainly willing, as they shared with us, and are planning to establish regional authority such as this amendment would require but are very much concerned that the economic revival on the boardwalk, having bypassed many of the people in the city who are residents, who need the housing and the education and the other services, that this tax base expansion would enable them to garner, they are afraid that the cream is again being skimmed by a county, not unlike what has happened in many such situations across the country.

Mr. HUGHES. Mr. Chairman, will the gentleman yield to me?

Mr. FAUNTROY. I yield to the gentleman from New Jersey.

Mr. HUGHES. I thank the gentleman for yielding.

Let me just assure the gentleman that I am as concerned about housing and crime in Atlantic City as the gentleman is about crime and housing in Washington, DC. Nobody works harder, any harder for their district in trying to improve the conditions in Atlantic City and throughout my congressional district which has major economic problems in parts of my district, than I do. I am very sensitive to that.

We are not talking about housing. We are talking about building a whole new airport on what is now Federal land in an area that is called home by tens of thousands of people who want to be represented as they shape their destiny, as they modify the road systems, as we develop intermodal transportation to make sure a rail line is tied in; it requires areawide planning to try to avoid some of the problems we spent about 2 hours on today.

Noise abatement, for instance, is one of the concerns we have. So I say to the gentleman that I would be opposed to any one entity, whether it be the county or the city, dominating. We need to have all parties represented so that we have a meaningful representation by the city of Atlantic City in any such areawide authority and by the county which has transportation responsibility throughout the county, intermodal in nature, not just this airport, and to the townships that call this area home but want to be able to shape their own destinies.

I say to my colleague that it is a major Federal facility, some 5,000 acres. Atlantic City owns 83 acres. It may very well be that Atlantic City once the areawide entity is in place will continue to operate that 83 acres as an air-cargo handling facility or for general aviation purposes or whatever the areawide entity puts in place. But unfortunately, what we see is 6 years of stalemate. We put additional Feder-

al funds in there continuously and there is no areawide planning to make sure that the funds are being spent prudently in the transition years.

The CHAIRMAN. The time of the gentleman from the District of Columbia [Mr. FAUNTROY] has expired.

(On request of Mr. HUGHES and by unanimous consent Mr. FAUNTROY was allowed to proceed for 2 additional minutes.)

Mr. HUGHES. Will the gentleman continue to yield?

Mr. FAUNTROY. I yield to the gentleman.

Mr. HUGHES. I thank the gentleman for continuing to yield.

Mr. Chairman, we do not have an areawide entity in place to do the long-term planning for the new facility that is going to be created there. So we need to protect an FAA facility, major R&D facility that is doing much of the work for the National Air System plan and for the Air National Guard which has a major facility there and also make sure that we have meaningful representation by the folks that call the area home. That is all we are asking for. It has nothing to do with housing or crime.

Mr. FAUNTROY. Yes. But the gentleman understands first of all that the city of Atlantic City agrees with you that there ought to be a regional authority and that it is proceeding to put in place a regional authority.

The gentleman agrees also that the enormous increase in activity in the region has caused the Atlantic City Airport to be a great generator of revenues and a stronger tax base. And this community wants, as the gentleman will understand, to share the fruits of that. And I simply am concerned on their behalf that this action will not result in the county picking up the economic and tax base benefits of this to the exclusion of a community which has serious housing and community development problems that have not been resolved by the large influx of money on the boardwalk.

Mr. HUGHES. I can assure the gentleman that I want to see that Atlantic City is treated fairly, just as the county which has comprehensive areawide responsibility for transportation, has a role to play, a meaningful role to play, just as the townships that call the area home have to have a meaningful role to play as they shape really a new facility.

So I share the gentleman's concerns.

Mr. FAUNTROY. Yes. That is why they are advocating the regional authority in which they are all included.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. HUGHES].

The amendment was agreed to.

Mr. MINETA. Mr. Chairman, I move to strike the last word.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

Mr. Chairman, I want to express my deep appreciation to the chairman for the understanding he has shown of the problems associated with airport noise in the classrooms. I want to thank the gentleman again for including language in this bill that addresses not only the noise in the classroom but in hospitals as well.

Mr. MINETA. The committee appreciates your bringing this matter to its attention. I am pleased we were able to assist in this regard.

Mr. HYDE. In addition, I see Mr. GINGRICH is here and he was also very helpful and I want to include him in my commendatory thoughts.

Mr. Chairman, it is my understanding that nothing in this bill changes or intends to change State laws governing the recovery of damages resulting from aircraft noise. Is this correct?

Mr. MINETA. If the gentleman would yield, in my opinion this bill does not in any way affect such State law remedies of airport neighbors as may exist.

Mr. HYDE. I thank the chairman.

AMENDMENT OFFERED BY MR. DENNY SMITH

Mr. DENNY SMITH. Mr. Chairman, I offer an amendment.

Mr. Chairman, my amendment to H.R. 2310 is a small package of measures designed to improve the performance of the Loran-C radio navigation system.

Loran-C is a navigation technology widely used on planes, boats, and on a growing number of cars, trucks, and trains. Over 50,000 general aviation aircraft are presently equipped with Loran receivers. Loran provides an accurate, real-time position based on latitudinal and longitudinal coordinates almost anywhere in the country. In addition, the Loran signal is largely unaffected by terrain features such as mountains and valleys.

For pilots, Loran is the best area navigation system on the market. Once a plane is equipped with a Loran receiver, all that is required of the pilot is that he enter in the coordinates of his destination. The receiver will then guide him there by the shortest, straightest route.

The FAA has also begun an aggressive program to develop nonprecision approaches based on Loran guidance. This move will open up more non-ILS airports to use in lower minimum weather conditions.

My amendment specifically authorizes \$1.75 million over 2 years for two impact studies that will investigate making Loran and the global positioning satellite [GPS] system interoperable. Should the impact studies provide the green light we expect, we could look for a number of improvements to the performance of Loran and also see an earlier utilization of GPS.

Among the expected benefits to Loran will be increased signal availability, improved accuracy and greater system reliability. We will also be able to interchange Loran and GPS

lines of position. The integrity from a system that combines Loran and GPS could make possible their use as a sole means air navigation system, eventually giving us the option of eliminating costly VOR's.

As we save money, I also believe that we will be saving lives. Anyone who flies can attest to the fact that knowing exactly where you are at all times is one of the first steps to avoiding accidents. The improvements to Loran anticipated by my amendment will also eliminate the possibility of dangerous signal outages.

Several agencies were involved in drafting the proposals contained in my amendment. As a result of this participation, you have before you a consensus proposal that is supported by the Department of Transportation [DOT], the Research and Special Projects Administration [RSPA], the Transportation System Center [TSC], the Coast Guard, and the Federal Aviation Administration [FAA].

I believe the committee has had a chance to review the amendment and agrees with its directive. I urge my colleagues to make this small investment in the future of aviation navigation.

The Clerk read as follows:

Amendment offered by Mr. DENNY SMITH: At the end of the bill, add the following new section:

#### SEC. 17. RADIO NAVIGATION SYSTEMS.

##### (a) SYNCHRONIZATION.—

(1) LORAN-C MASTER TRANSMITTERS.—Not later than September 30, 1989, the Secretary shall take such action as may be necessary to synchronize all loran-C master transmitters located in the United States and all loran-C master transmitters subject to the jurisdiction of the United States. Each such master transmitter shall be synchronized to within approximately 100 nanoseconds of Universal Time.

##### (2) OTHER LORAN-C TRANSMITTERS.—

(A) IMPACT STUDY.—The Secretary shall conduct a study of the impact on users of loran-C transmitted signals of synchronizing time of signal transmissions among all secondary loran-C transmitters in the United States in accordance with the standard set forth in the second sentence of paragraph (1).

(B) REPORT.—Not later than September 30, 1989, the Secretary shall transmit to Congress a report on the results of the study conducted under subparagraph (A).

(3) AUTHORIZATION.—There shall be available for carrying out this subsection from the Airport and Airway Trust Fund \$750,000 for fiscal year 1988 and \$500,000 for fiscal year 1989. Such funds shall remain available until expended.

##### (b) INTEROPERABILITY OF RADIO NAVIGATION SYSTEMS.—

(1) STUDY.—The Secretary shall study and evaluate methods of coordinating the time references of the loran-C transmitter system and the global positioning satellite system to within approximately 30 nanoseconds of each other for the purpose of making possible the interchange of positioning data between the two systems.

(2) REPORT.—Not later than September 30, 1989, the Secretary shall transmit to Congress a report on the results of the study conducted under paragraph (1).

(3) AUTHORIZATION.—There shall be available for carrying out this subsection from the Airport and Airway Trust Fund \$500,000 for fiscal year 1988. Such funds shall remain available until expended.

(c) DEVELOPMENT OF MINIMUM STANDARDS.—Not later than September 30, 1989, the Administrator of the Federal Aviation Administration shall establish by regulation minimum standards under which a radio navigation system may be certified as the sole radio navigation system required in an aircraft for operation in airspace of the United States.

Conform the table of contents of the bill accordingly.

Mr. DENNY SMITH (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. DENNY SMITH. Mr. Chairman, I understand the amendment has been accepted by the majority.

Mr. MINETA. Mr. Chairman, will the gentleman yield?

Mr. DENNY SMITH. I yield to the gentleman from California.

Mr. MINETA. I thank the gentleman for yielding.

Mr. Chairman, we have had an opportunity to look at this amendment.

Mr. Chairman, I rise in support of the amendment offered by the Gentleman from Oregon. Loran-C is becoming one of the principal navigation systems used in aviation in this country. The Federal Aviation Administration is currently undertaking to cover the entire United States with coverage from loran-C transmitters.

This amendment would direct the FAA to take certain actions and develop minimum standards to make the loran-C system be as effective and useful as possible. The amendment would also authorize funding for studies and reports on further timing, synchronization, and interoperability with the global positioning navigation system.

My understanding is that the approach embodied in this amendment is supported by the Department of Transportation, the Federal Aviation Administration, and the Coast Guard.

I congratulate the gentleman on his interest and work on loran-C navigation and for this follow-through with this amendment.

Again, I urge adoption of the amendment.

Mr. GINGRICH. Mr. Chairman, will the gentleman yield?

Mr. DENNY SMITH. I yield to the gentleman from Georgia.

Mr. GINGRICH. I thank the gentleman for yielding.

Mr. Chairman, the minority accepts this amendment.

The CHAIRMAN pro tempore (Mr. MILLER of California). The question is on the amendment offered by the gentleman from Oregon [Mr. DENNY SMITH].

The amendment was agreed to.

#### AMENDMENT OFFERED BY MR. HERTEL

Mr. HERTEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HERTEL: At the end of title I of the bill, insert the following new section:

#### SEC. 121. PENALTY FOR INTERFERENCE WITH AIRCRAFT ACCIDENT INVESTIGATIONS.

Section 902(p) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1472(p)) is amended by striking out "shall be subject to a fine of no less than \$100 nor more than \$5,000, or imprisonment for not more than one year, or both" and inserting in lieu thereof "shall be fined in accordance with title 18, United States Code, or imprisoned not more than 10 years, or both".

Conform the table of contents for title I of the bill accordingly.

Mr. HERTEL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HERTEL. Mr. Chairman, the amendment requires harsher penalties for persons arrested for stealing debris from an aircraft after an accident.

The amendment is a result of problems stemming from the crash of Northwest flight 255 at Detroit's Metropolitan Airport last month. Immediately following the accident, personal belongings of the victims and pieces of airplane wreckage were taken from the crash site by looters.

"A thorough investigation of the cause of the airplane crash cannot be conducted without examining all of the evidence. The greatest hindrance is caused by people stealing so-called souvenirs of the wreckage."

Under current law, stealing airplane debris is considered a misdemeanor. The Hertel bill would make this crime a felony. Currently the penalty for stealing pieces of the wreckage would be a maximum of 1 year in prison or up to \$5,000 in fines. Under the proposed legislation, penalties would increase to a maximum of 10 years imprisonment or \$250,000 fine, or both.

"The stricter penalties will serve as a stern warning for looters to stay away." "Ultimately, our goal is to prevent such tragic accidents from recurring. To do that we must clear any obstacles that would interfere with the Federal Aviation Administration's investigation to determine the cause of the accident."

Theft of personal property is punishable under State and local laws.

Mr. MINETA. Mr. Chairman, will the gentleman yield?

Mr. HERTEL. I yield to the chairman of the subcommittee, the gentleman from California [Mr. MINETA].

Mr. MINETA. I thank the gentleman for yielding.

Mr. Chairman, we have looked at this amendment, we are in agreement with it, and we support it.

Mr. GINGRICH. Mr. Chairman, will the gentleman yield?

Mr. HERTEL. I yield to the gentleman from Georgia.

Mr. GINGRICH. I thank the gentleman for yielding.

Mr. Chairman, we on the Republican side have no problem with this amendment and we accept it.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Michigan [Mr. HERTEL].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PORTER

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: Page 9, after line 11, insert the following new paragraph:

(1) STAFFING OF AIR TRAFFIC CONTROLLERS AT CERTAIN HIGH DENSITY AIRPORTS.—Section 506(c)(1) is amended by striking out "and (B)" and inserting in lieu thereof the following: "(B) costs of ensuring that air traffic controllers at airports at which the number of instrument flight rule takeoffs and landings of aircraft, are limited under regulations issued by the Administrator of the Federal Aviation Administration as of October 1, 1987, are maintained at full staffing levels (as determined by the Administrator) and that at least 75 percent of the air traffic controllers at such airports are full performance level air traffic controllers (as defined by the Administrator), and (C)".

Page 9, line 12, strike out "(1)" and insert in lieu thereof "(2)".

Page 9, line 19, strike out "and (B)" and insert in lieu thereof "(B), and (C)".

Page 10, line 4, strike out "and (B)" and insert in lieu thereof "(B) and (C)".

Page 10, line 20, strike out "and (B)" and insert in lieu thereof "(B), and (C)".

Page 11, line 3, strike out "(2)" and insert in lieu thereof "(3)".

Mr. PORTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PORTER. Mr. Chairman, my amendment would provide help to insure that 75 percent of the air traffic controllers in all high-density airports are full performance level controllers, while maintaining the authorized level of the total number of controllers at each of those facilities. The staffing of air traffic controllers, Mr. Chairman, is of the utmost importance for air traffic safety. The high-density airports, at least, should have the highest number possible of the highest qualified controllers. Full performance controllers are controllers, Mr. Chairman, who are qualified to work any position in the facility compared to an operational controller who is qualified to work only the specific position to which he is assigned. High-density airports are those that still have flow control restrictions, that has

restrictions on the movement, a ceiling on the amount of traffic.

And today the amendment defines them as those that exist today. Those airports are National Airport in Washington, LaGuardia and Kennedy in New York, and O'Hare International in Chicago. While the amendment only covers four airports, it affects a very, very large number of air travelers among the American public. The number of passengers at O'Hare last year was 26 million people passing through the facility; Kennedy had 13 million, LaGuardia had 11 million, National 7 million. That is 57 million passengers passing through those four airports. They handle 15 percent of all United States air traffic and they have over 1.8 million operations annually. They are very, very important to air traffic safety in the United States.

Since 1981, O'Hare has experienced a 50-percent growth in air travel. Unfortunately, since 1985 O'Hare has had an operational errors increase of 69 percent. That is a cause of great concern not only to me but to the traveling American public.

The FAA itself set a goal of 75-percent full performance level controllers for all facilities after the 1981 strike. Before the strike, FPL's were at 80 percent, and with new technology coming on board, FAA reviewed the need and determined 75 percent was a reasonable goal for all facilities. It seems to me that we ought to help the FAA to achieve that level.

Where are we today? O'Hare, if they can bring up five more that are in the pipeline, would be at 76 percent and meet the standard; Kennedy 69 percent; LaGuardia only 60 percent; Nation is presently at 77 percent.

So to reach the goal today we would only need to bring Kennedy up to 20 FPL's, LaGuardia up to 19, quite easy to achieve, Mr. Chairman. What would the cost be? It would be minimal. Perhaps it might reach \$312,000 per year, but probably a great deal less. The goal is not one that is unreasonable. The FAA is already close to achieving it. But it seems to me we ought to give them some help to do so.

This amendment does not mandate any expenditures. It simply authorizes the payment of the trust fund necessary to achieve the 75 FPL level at high-density airports. There is no issue of relocation expenses involved, no issue of setting a mandated standard because it is not mandated. It simply states the goal that the FAA itself has stipulated as a goal for all airports in the United States and gives authority to reach into the trust fund to help achieve that goal at the high-density airports.

In other words, it simply helps the FAA achieve its own stated goal in a very, very important and sensitive area of air traffic safety.

Mr. MINETA. Mr. Chairman, I move to strike the last word and I rise in opposition to the amendment.

Mr. Chairman, I do not believe it is desirable to set standards for the percentage of full performance level controllers at a small group of air traffic control facilities.

First of all, it has not been clearly established that a particular group of facilities needs a higher percentage of FPL controllers than other facilities.

If we set standards for a select group of facilities, it is likely that other facilities will be short changed and end up with a lower percentage of FPL controllers than are needed.

I am also concerned that imposing an FPL standard may lead FAA to rush to certify controllers as FPL's.

Now this could result in air traffic controllers performing functions for which they are not fully qualified. I should add that I am sympathetic to the concerns which underlie this amendment. We have been working for years to get FAA to hire more air traffic controllers and to increase the percentage of FPL's. While I agree with the gentleman that there is a problem, I am concerned that the amendment would not improve the situation and could make the situation worse, particularly at air traffic control facilities not covered by the amendment.

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There are four airports covered by this, Kennedy, LaGuardia, O'Hare, and Washington National. The problem is that these are not the airports where there is the largest amount of operations or passengers in and out through those airports.

I think there would be a dislocation if we have to, for example, transfer people from Atlantic to O'Hare or to LaGuardia or to wherever because they do not meet this 75-percent FPL standard.

For these reasons, Mr. Chairman, I reluctantly but do oppose the amendment.

Mrs. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. MINETA. Mr. Chairman, I am happy to yield to the gentlewoman from Illinois.

Mrs. COLLINS. Mr. Chairman, I rise to speak in favor of the amendment.

I rise in support of the amendment offered by Mr. PORTER to H.R. 3350.

Mr. PORTER's amendment would provide funding to increase the percentage of full performance level [FPL] controllers at four airports in the country that are critically short of fully qualified controllers and which not unexpectedly have an unacceptably high rate of air traffic controller errors. Mr. PORTER's amendment would increase the percentage of FPL controllers at those airports to a 75-percent level.

Those airports are Chicago's O'Hare International; Washington, DC's National Airport; and New York City's Kennedy International and LaGuardia Airports.

My subcommittee on Government Activities and Transportation has conducted hearings in Washington, DC, and Chicago on the shortage of FPL controllers. Testimony at those hearings revealed the percentage of FPL controllers at those four airports to be considerably below the FAA's own goal of 75 percent FPL controllers.

That situation has created what I have previously referred to as a catch-22. Too few FPL controllers forces those controllers to work excessive periods under overly stressful conditions while denying them the opportunity to help train junior-level controllers, which perpetuates the shortage of FPL controllers.

When I fly just as I want a senior, experienced crew in the cockpit on my plane, I want a senior, experienced crew of controllers available on ground to help direct that aircraft. I venture that all of you and your constituents want the same thing.

For too long now we have waited on the administration and the Department of Transportation to honor their commitment to rebuild the Nation's air traffic control work force. The amendment offered by the gentleman from Illinois will assure the availability of the funds needed to do that job.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. MINETA. Mr. Chairman, I am pleased to yield to my colleague from Illinois.

Mr. PORTER. Mr. Chairman, I am not understanding why the gentleman says this sets a standard. All the amendment does is to authorize payment of costs out of the trust fund to help reach a level. There is no penalty in it if it is not reached. It simply puts in the law a facilitating by payment from the trust fund of meeting a standard that the Federal Aviation Administration itself has set.

Mr. MINETA. Mr. Chairman, if I might reclaim my time to respond to that, the standard being set is that 75 percent of the air traffic controllers at the facility shall be full performance level. We are struggling right now under the appropriations act where we have specified that 70 percent of the total air traffic control work force shall be full performance level. We are not going to meet that standard, I do not believe. We will get to the 15,000 but we will not even hit the 17,000 systemwide. When we take four of them and, in effect, say that at least 75 percent of the air traffic controllers at such airports are full performance level air traffic controllers, then that is establishing a standard that may not necessarily hold up in terms of being a valid approach.

Mr. GINGRICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the gentleman's amendment which would make operations and maintenance

money available so that 75 percent of the air traffic controllers at the high/density airports would be full-performance level.

Since the strike several years ago, staffing the air traffic control system has been a significant problem. As I'm sure the gentleman is aware, we do not have enough full-performance level controllers at this time. If the gentleman's amendment is adopted, the Federal Aviation Administration would be required to shift full-performance level controllers from other air traffic facilities in order to reach the 75-percent level. This means that other heavily utilized airports such as Los Angeles, Boston, Atlanta, or Denver, may have to relinquish these fully trained controllers to staff the high-density airports. Such a shift is not in the best interest of our traffic control system.

Moving these air traffic controllers to other facilities will also require the Federal Government to bear additional expenses for relocation. This type of expense has never been authorized out of the trust fund and we should not make money available for that purpose. The airport and airway trust fund is to modernize the air traffic control system and to provide for the capital development of our airports.

I urge my colleagues to vote down this amendment.

Mr. PORTER. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN pro tempore (Mr. MILLER of California). Without objection, the gentleman from Illinois [Mr. PORTER] is recognized for 5 minutes.

There was no objection.

Mr. PORTER. Mr. Chairman, in summary, I do not see this as an amendment at all to set standards. All the amendment does is to allow the trust fund to be used to reach an important level that the Federal Aviation Administration itself set for all airports in the United States. It seems to me particularly in those that have the highest density and that the Federal Aviation Administration considers a need to restrict the number of operations, those it seems to me at least ought to be given help to reach that level.

There is no question about relocation expenses. All it does is authorize payment from the trust fund to help them reach this level.

It seems to me there is not a mandate. The money is simply authorized and may be appropriated if Congress sees necessary to do so to help the FAA do its job and meet its own goal.

I do not understand the argument about affecting other airports. It simply helps to make them reach the goal, and there is no penalty in the amendment for them failing to do so. It merely gives added authority to

reach into other funds to reach that goal.

Mr. Chairman, I urge an "aye" vote. The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. PORTER) there were—ayes 4, noes 16.

So the amendment was rejected.

Mr. PANETTA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to take this opportunity to engage in a colloquy with the gentleman from California, concerning the closing of a flight service station [FSS] which serves many people in my congressional district.

Mr. MINETA. I would be pleased to engage in a colloquy with the gentleman from California and to discuss his concerns.

Mr. PANETTA. The FSS in Paso Robles, CA, was closed by the FAA on September 25, 1987, as part of its planned consolidation of flight service stations. I believe that this closure was unfortunate, and that it may raise serious concerns regarding both the safety of fliers in that area and the adequacy of the services which fliers may receive from the automated flight service station [AFSS] in Hawthorne, CA. For this reason, I would like to explore with the gentleman from California, the subcommittee chairman, possible ways to safeguard against these problems, if they do occur.

Mr. MINETA. Mr. Chairman, if the gentleman will yield, I certainly share the gentleman's interest in air safety, and I would be pleased to know of his concerns.

Mr. PANETTA. Let me begin by describing some of the important services which the Paso Robles FSS performed. With a staff of five persons, the station serviced about 325 to 400 contacts per day, including 100 advisories. It initiated approximately 3 to 10 searches, per week. Its clientele consisted primarily of nonprofessional pilots and students, who required more time to serve than professional pilots normally would.

These services were especially valuable because of the special and difficult conditions in the area. The area around the Paso Robles FSS is subject to coastal strata which can hinder safe aircraft operation, and fog can form quickly. The area around the Paso Robles FSS is also crossed by major flight paths, including 100-mile legs and the San Francisco-Los Angeles corridor traffic.

Persons in the area who expressed concern about the closing of the Paso Robles FSS also indicated that there were problems with the services provided by the Hawthorne AFSS. There have been reports of extensive delays

in getting through to Hawthorne on the toll-free telephone line, and problems in the operation of Hawthorne's Model 1 computer have also been experienced.

In light of the importance of the services which the Paso Robles FSS has provided and the questions which have been raised about the service from Hawthorne, I would like to seek the assistance of the gentleman from California in assuring the safety of the flying public.

Mr. MINETA. I would be happy to be of assistance to the gentleman.

Mr. PANETTA. I would like to ask the gentleman whether he would be willing to support the reestablishment to the Paso Robles FSS, if experience in the coming months indicates that the safety of the flying public has been compromised by the loss of the Paso Robles FSS, or if the problems with the Hawthorne AFSS do not resolve themselves soon.

Mr. MINETA. The gentleman has made a persuasive case for the importance of the services which were provided by the Paso Robles FSS. If, in fact, experience shows that these services are still needed for the safety of pilots in that area, I would be pleased to support his efforts to reestablish the Paso Robles FSS. In addition, if operational problems at the Hawthorne AFSS cannot be remedied, I would be willing to consider reestablishment of the Paso Robles FSS.

Mr. PANETTA. I would like to thank the subcommittee chairman for this willingness to continue to work to ensure the safety of those flying in the central California area.

#### AMENDMENT OFFERED BY MRS. COLLINS

Mrs. COLLINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. COLLINS: Page 35, line 19, strike out "and".

Page 36, line 9, strike out the first period and insert in lieu thereof "; and".

Page 36, after line 9, insert the following new subsection:

(h) ASSURANCE RELATING TO DISADVANTAGED BUSINESS ENTERPRISES.—Section 511(a) is amended by adding at the end thereof the following new paragraph:

"(17) the airport owner or operator will take such action as may be necessary to ensure that, to the maximum extent practicable, at least 10 percent of all businesses at the airport which sell food, beverages, printed materials, or other consumer products to the public are small business concerns owned and controlled by socially and economically disadvantaged individuals, as defined under section 505(d) of this title women shall be presumed to be socially and economically disadvantaged for purposes of this paragraph."

Redesignate subsections (h), (i), (j), and (k) of section 108 of the bill as subsections (i), (j), (k), and (l), respectively.

Mrs. COLLINS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be consid-

ered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from Illinois?

There was no objection.

Mrs. COLLINS. Mr. Chairman, as reported by the Public Works and Transportation Committee, H.R. 2310 provides for minority and female participation in airport improvement and development projects. However, it does not address the issue of minority and female participation in airport concessions and services.

DOT already has regulations in place that require airport authorities receiving Federal funds to structure their leasing activities so that minority and female-owned firms share some vague portion of major concessions and other service opportunities. My amendment provides the statutory authority for this regulation by requiring that minority and women-owned firms share in at least 10 percent of the revenues generated by businesses that sell food, beverages, printed materials, or other consumer products.

As airports continue to expand and grow across this country, more and more opportunities are becoming available for businesses which provide consumer goods and services. This represents a significant potential for the creation of jobs and additional revenues for small firms. I believe that there should be at least a minimum level of commitment to these small minority and women-owned firms.

To date, this commitment simply has not been made in view of increased business opportunities at airports. Airports sometimes give a long-term lease to a single business concern to conduct all food service or ground transportation activity. The exclusive nature of these contracts prohibits any other business including, by definition, any minority or women-owned businesses, from participating in that activity in any way. Similarly, rental car companies, which are tenants at virtually every airport, generate significant revenues but seldom have minority or female participation. My amendment would open up the business opportunities to minorities and females and encourage the larger airport tenants, such as rental car companies, to subcontract or establish partnerships with female and minority firms.

Let me provide you with two contrasting examples. At Chicago's O'Hare Airport there are 31 vendors on airport grounds, of which 7 are owned by minorities and 1 is owned by a woman. At first blush, this may seem to be a fair representation. But of the \$189.1 million of total revenues that were generated in fiscal year 1986, only \$2.5 million, or 1.5 percent, went to the minority and female firms. One nonminority vendor accounted for \$48.5 million of the total revenues.

Clearly, there is room for substantial improvement.

In contrast to O'Hare is Atlanta's Hartsfield Airport. There, of the \$55 million in revenues generated by concessions and services, approximately \$14 million, or 25 percent, went to minority and female-owned businesses. Further, the larger companies operating at the airport are required to provide for 35 percent minority participation in their leases. This requirement includes outside subcontracting for supplies, professional services, and advertising. This is a desirable approach which I think will be encouraged through my amendment.

Leasing opportunities, such as those for concessions at airports, are among the benefits created by DOT assistance to transportation facilities. In making these opportunities available to the business community, DOT recipients should be obliged to ensure that minority businesses have a fair share. Mr. Chairman, I strongly urge my colleagues to support this amendment.

Mr. MINETA. Mr. Chairman, will the gentlewoman yield?

Mrs. COLLINS. I am happy to yield to the gentleman from California.

Mr. MINETA. Mr. Chairman, I rise in support of the amendment. This amendment establishes the same 10-percent set-aside for disadvantaged business enterprises for the leasing of airport concession space as is in the bill for capital improvements financed under the Airport Improvement Program. The provision of food and retail services to airline passengers in terminals is an area where opportunities for DBE's should be encouraged.

I urge approval of Mrs. COLLINS' amendment.

Mr. GINGRICH. Mr. Chairman, will the gentlewoman from Illinois yield?

Mrs. COLLINS. I yield to the gentleman from Georgia.

Mr. GINGRICH. Mr. Chairman, we on the minority side have examined the amendment offered by the gentlewoman from Illinois [Mrs. COLLINS] and find no objection to it.

Mr. RICHARDSON. Mr. Chairman, will the gentlewoman from Illinois yield?

Mrs. COLLINS. I yield to the gentleman from New Mexico.

Mr. RICHARDSON. Mr. Chairman, I wish to commend the gentlewoman for an outstanding amendment.

Mr. RICHARDSON. Mr. Chairman, I rise in support of the amendment of the gentlewoman from Illinois. Her proposal to raise the minority set-aside from 10 to 15 percent is quite moderate. Many FAA regions already exceed the proposed higher level. I am, however, greatly disturbed to learn that the FAA region with one of the lowest percentages of minority contract awards is the southwestern region. I do not believe there is any possible excuse for this sad state of affairs. I know that there

are many qualified minority contractors in my own State of New Mexico, and am confident that there are many qualified minority contractors within the Southwest who are able to accomplish the work required by the FAA. We in Congress need to send a stronger message about our commitment to minority business development.

In addition to increasing the set-aside for minority contractors, the amendment increases the set-aside for minority operated concessions—food, magazines, et cetera. The concession set-aside is especially important if we are truly interested in helping small minority- and woman-owned businesses. As all of us who travel extensively already know, airport concessions have a captive market. An airport concession, unless poorly managed, is a sure way to a successful business. How better can we ensure that minority- and woman-owned businesses are to be successful than to provide the unique opportunity offered in an airport concession.

Another, more esthetic, reason for increasing minority participation in airport concessions is to provide variety to airport operations. It has gotten to the point that the services provided in any major airport are identical to all the other airports. Currently, only a limited number of firms have the majority of airport concessions throughout the country. If the marketplace is not to replace this oligopoly, we in the Congress are justified in opening the concession business to different groups. There is no reason that only a few large companies should hold the major concessions at our major airports. In closing, I ask that you join me in supporting this moderate, but needed amendment to the bill.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois [Mrs. COLLINS].

The amendment was agreed to.

#### AMENDMENT OFFERED BY MR. SCHUMER

Mr. SCHUMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHUMER: In section 108 of the bill, redesignate subsections (h), (i), (j), and (k) as subsections (l), (j), (k), and (i), respectively, and insert after subsection (g) the following new subsection:

(h) ASSURANCE RELATING TO PRIMARY AIRPORT USAGE DURING PERIODS OF AIR TRAFFIC DELAY.—Section 511(a) is amended by adding at the end thereof the following new paragraph:

“(17) in the case of a primary airport, during periods when substantial delays in scheduled air carrier service are occurring at the airport and when runway capacity limits are being reached at the airport, the airport operator or owner will take such action as may be necessary to ensure that aircraft landing and taking off from the airport are restricted, except in the case of an emergency, to aircraft used to provide scheduled common carrier air transportation of passengers and cargo.”

Mr. SCHUMER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SCHUMER. Mr. Chairman, this bill has a worthy purpose, to improve airport capacity. I applaud that long-range goal.

But it is time we also start setting new priorities in airports, priorities that protect the average airline passenger.

For instance, if an airport is experiencing delays of 1 hour per flight, should an American Airlines flight with over 200 people on it have to wait to land for a single-engine Piper Cub going 100 miles an hour?

The answer, of course, is “No.”

The air system should be geared to efficiently serve the vast majority of its users. Like carpool-only lanes during rush hour, we should say that our biggest, our most crowded, our major airports, should be for airlines only during busy rush hours. That is what my amendment would do. It would say if an airport is very backed up, substantially delayed and has reached its runway capacity, then priority has to be given to the scheduled airline.

I do not need to tell you why that is necessary. The evidence for the amendment is in the outrageous delays we have all experienced and for which there is no end in sight.

In 1987 alone, delays are up by more than 10 percent and I know that this subcommittee and committee have worked diligently to end those delays.

The evidence is also in the near-miss accidents between big and small planes that pepper the nightly news, and in the great jokes that the air transport system is inspiring. I do not know if my colleagues have heard the most recent one about the new information boards at airports. They list “arrivals,” “departures,” and “odds.”

This would be funny if there weren't some justification for it. A recent Federal Aviation Administration survey found that, over 6 hours, private aircraft made 175 intrusions into restricted air space.

Within those 6 hours there was six incidents that were extremely dangerous in which small planes came within 500 feet of commercial airlines.

I know that my amendment has caused great concern in the aviation community, but I think that concern is unfounded. They worry that only 50 airports even have delays and that my amendment is too broad. It makes all the other airports nervous. But those airports should not worry. If an airport does not have substantial delays and limited runway space, the amendment does not affect it.

They say weather and scheduling are the main causes of delays, not small planes. That may be, but why should we not fix what we can? There

is no excuse in my opinion, for us to sit on runways in commercial airliners while little private airplanes have priority. When we fix the problems of airports capacity, as again this committee and its chairman have endeavored diligently to do, then we will not have this triage problem. Right now we have a choice, whether or not to make the average passenger in a 200-passenger-seat plane wait for a little private plane.

I urge passage of this amendment. The average airline passenger will thank us.

Mr. MINETA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

It mistakes the cause of the problem of congestion at our Nation's airports. The rise in congestion we see at our major airports is not caused by general aviation. It has been brought about by an explosive growth in airline traffic.

At our most busy and congested airports, such as New York, the percentage of general aviation flights to the total is in the single digits.

This amendment would be unfair to general aviation and would not solve our congestion problem.

I would reference, for the Members, H.R. 3031 which is scheduled for the floor in the near future. This bill will require that capacity limits be established at our 44 largest airports. Airlines will be required to schedule accordingly.

This is how we should reduce delays and congestion. General aviation is not the problem.

Finally, the amendment puts the burden of restricting general aviation flights on the airport operators. The gentleman would basically place an air traffic control question into the hands of local airport authorities. This is inappropriate. The air traffic control system should be run by one entity, the Federal Aviation Administration.

Again, Mr. Chairman, I urge defeat of the amendment.

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Mr. GINGRICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to the gentleman's amendment which would give priority to scheduled airline flights at the primary airports during periods of delay or congestion. I certainly sympathize with the intent of the gentleman to reduce congestion and delay at our airports, but general aviation is not the problem. The bill before us, of course, is designed to enhance and increase airport capacity and to modernize the air transportation system. The problems that we are now experiencing go well beyond the general aviation operations at the pri-

mary airports. General aviation is simply not a factor contributing to delays or congestion.

In normal situations, general aviation pilots stay away from primary airports simply because the utility of using general aviation aircraft is lessened by operating in congested areas. Or, if they do utilize these airports, general aviation aircraft operate early or late to avoid periods of congestion.

I would also point out that at the four high density airports, Kennedy, LaGuardia, Chicago, and National, general aviation operations are restricted on a per-hour basis with the vast majority of slots going to commercial operations. In short, general aviation is not causing a congestion or delay problem at these airports. These problems relate to modernization of the ATC system, lack of airport capacity and airline scheduling.

I urge my colleagues to defeat this amendment, and I yield back the balance of my time.

Mr. GLICKMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in stronger opposition to the Schumer amendment than the gentleman from Georgia rose in strong opposition to it.

Mr. LIGHTFOOT. Mr. Chairman, I rise in opposition to the Schumer amendment for a couple of reasons that I want to share with my colleagues.

First let me state that I sympathize with the gentleman from New York's intentions. New York City is part of one of the busiest air corridors in the Nation. I do, however, differ with the gentleman on whether this is the right approach to solving the safety problems related to congestion in the New York City area.

This amendment would require sophisticated and very expensive altitude recording equipment in all planes at 350 primary airports across the Nation. No consideration would be given to the relative congestion of each of those airports. LaGuardia would have the same requirements as Des Moines, IA, for example, and many other cities where air traffic is only a small percentage of that at LaGuardia. In fact, according to the FAA, in 1985 only 16 of these primary airports were capacity-constrained, and only 42 are projected to be capacity constrained by the year 2000. Clearly the amendment's across-the-board approach is not justified based on these figures.

As the gentleman may be aware, the FAA currently has a proposed rule pending to require mode C altitude-recording transponders in all aircraft within 30 miles of a primary terminal control area airport. Related legislation is also pending in the Public Works Committee, where hearings can be held to consider the various concerns the gentleman has raised today. I suggest we carry on this debate in the proper forums, and not attempt to set this policy based on a few minutes of debate here on the House floor.

The CHAIRMAN pro tempore (Mr. MILLER of California). The question is on the amendment offered by the gen-

tleman from New York [Mr. SCHUMER].

The amendment was rejected.

AMENDMENT OFFERED BY MR. BUSTAMANTE

Mr. BUSTAMANTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUSTAMANTE: At the end of title I of the bill, insert the following new section (and conform the table of contents of such title accordingly):

SEC. 121. RELEASE OF RESTRICTIONS.

(a) GENERAL RULE.—Subject to subsection (b), in recognition of the benefits to the public, the city of Laredo, Texas, and its successors and assigns, are hereby released from all terms, conditions, reservations, and restrictions contained in the instrument of disposal dated February 21, 1975, by which the United States conveyed the property on which the Laredo International Airport, Laredo, Texas, is located to such city to the extent that such terms, conditions, reservations, and restrictions apply to the portion of such property consisting of approximately 680.1586 acres of land which is designated under the 1985 master plan and land use plan for the Laredo International Airport as being available for nonaviation purposes.

(b) CONDITIONS.—The release granted by subsection (a) shall be subject to the following conditions:

(1) All revenues derived from the property to which such release applies shall be used for development, improvement, operation, and maintenance of the Laredo International Airport.

(2) The use of property to which such release applies shall not interfere with the operation and maintenance of such airport.

(3) Property to which such release applies may only be rented or leased if the term of the rental or lease agreement is 20 years or less and if compensation which is not less than—

(A)  $\frac{1}{4}$  of fair market value is received in the case of a rental or lease agreement for a term of 10 years or less; and

(B)  $\frac{1}{2}$  of fair market value is received in the case of a rental or lease agreement for a term of more than 10 years.

(4) Property to which such release applies may only be transferred if compensation which is equal to or more than fair market value is received.

(5) The city of Laredo, Texas, shall provide to the Administrator of the Federal Aviation Administration—

(A) an accounting and management plan acceptable to the Administrator for managing the Laredo International Airport general fund; and

(B) an explanation of the management by such city of such general fund in calendar years beginning after December 31, 1977, and ending before the date of the enactment of this Act.

(c) IMPLEMENTATION.—The administrator of the Federal Aviation Administration shall take such action as may be necessary to carry out the provisions of this section.

Mr. BUSTAMANTE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUSTAMANTE. Mr. Chairman, the purpose of this amendment is to eliminate certain deed restrictions applicable to the nonaviation portion of the Laredo International Airport in Laredo, TX. This former Air Force base was given to the city of Laredo under an agreement which permits the Federal Government to reclaim title to the land. My amendment would permit the lease and rental of nonaviation portions of the airport at less than fair market value for the development of an industrial park.

The amendment stipulates, however, that none of the airport property can be transferred or sold at below fair market value. This was the major condition I assented to include in my amendment in accordance with my agreement with Chairman MINETA and ranking members Mr. HAMMERSCHMIDT and Mr. GINGRICH. This amendment enjoys, therefore, the bipartisan support of the majority and minority membership of the Public Works and Transportation Committee. It is non-controversial legislation.

My amendment will allow the city of Laredo to offer economic incentives to aviation investors, who are considering renting or leasing property at the Laredo International Airport. It is one major step in improving the overall aviation capabilities of southwest Texas.

The amendment will also allow the city to go forward with the construction of an industrial park on the airport for the purpose of attracting aviation commerce at the airport. Airport operations would not be affected in the slightest by my amendment, because the amendment would only release the nonaviation portion of the airport. The actual airport—runways, tower, terminal, et cetera—would be preserved and maintained under current deed restrictions and FAA regulations.

I am urging adoption of this amendment in response to Laredo's highly depressed economy, which has forced the city to search for innovative ways of attracting outside investment to the area. The aviation industry is one of the most promising fields where the city believes it can attract outside investment. My amendment would accomplish that task without diminishing the airport's capability of meeting the air travel needs of southwest Texas. In fact, my amendment would enhance overall operations at the airport as a result of the increased aviation activity that would result from the passage of this amendment.

Mr. Chairman, the amendment that I am offering today will not cost the Federal Government a single penny. Actually, it will substantially improve our Nation's aviation capabilities by correcting administrative problems that have plagued the airport for 8 years.

This legislation enjoys the support of the Aircraft Owners and Pilots Association. The association and I agree that my amendment does not jeopardize the short term and long

term viability of 24-hour-airport service in Laredo. It is my intention not to allow noise sensitive or other development which is inconsistent with the long term aviation needs of Laredo International Airport. I agree that any new development be set back from the existing runways which are not operational today, particularly 35 right/17 left, which may be used during future airport expansion.

My amendment is properly thought out legislation that was carefully drafted over the past 6 months under the guidance of the Public Works Committee and its Aviation Subcommittee. The amendment is noncontroversial and has the support of the majority and the minority.

In this regard, I would like to thank Chairman HOWARD and Chairman MINETA and the ranking members of the committee, Mr. HAMMERSCHMIDT and Mr. GINGRICH for making this amendment possible. These gentlemen epitomize the professional manner in which the entire Public Works Committee goes about its business. I also wish to note the assistance of the committee's professional staff, in particular, David Traynham and David Heymsfeld, and Charles Ziegler.

Mr. Chairman, I urge adoption of my amendment.

Mr. MINETA. Mr. Chairman, will the gentleman yield?

Mr. BUSTAMANTE. I yield to the gentleman from California. I will ask the gentleman, am I correct in my understanding that the amendment has been agreed to?

Mr. MINETA. Mr. Chairman, I thank the gentleman for yielding to me, and let me state to the gentleman that we have had an opportunity to look at this amendment.

Mr. Chairman, I rise in support of the amendment. As the gentleman from Texas has described, the amendment would release the Laredo Airport from certain deed restrictions enabling the city of Laredo to use some of the airport land for other than aeronautical purposes.

The amendment provides that the city will make certain assurances to the Federal Aviation Administration regarding their management and accounting practices. Also, none of the purposes for which the released land will be used will interfere with the operation or maintenance of the airport. Further, all revenues derived from the property released shall be used for development, improvement, operation, and maintenance of the Laredo International Airport.

I thank the gentleman from Texas for his work and accommodating the committee's interests in this matter. Again, I urge support of the amendment.

Mr. GINGRICH. Mr. Chairman, will the gentleman yield?

Mr. BUSTAMANTE. I yield to the gentleman from Georgia.

Mr. GINGRICH. Mr. Chairman, I thank the gentleman for yielding to me.

I want to thank our colleague, the gentleman from Texas [Mr. BUSTAMANTE], for the leadership he has shown on this item.

I hope it will be helpful to the gentleman's area. I appreciate very much the economic problems in that part of the State, and I want to thank the gentleman for the cooperation and leadership the gentleman has shown in helping put together a very creative amendment.

We certainly support it on our side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BUSTAMANTE].

The amendment was agreed to.

Mr. OBERSTAR. Mr. Chairman, I move to strike the last word.

I rise first to compliment the gentleman from California [Mr. MINETA], the chairman of the Subcommittee on Aviation, on the splendid job the gentleman has done bringing this enormous piece of legislation to the point where it is today, and so skillfully guiding it through the subcommittee, the full committee and here on the floor.

I wish to inquire of the chairman of the subcommittee on a related matter on which the subcommittee has held hearings; and that is the matter concerning foreign repair stations, the contracting out of scheduled maintenance and overhauls, even routine maintenance and overhauls on an aircraft while it is outside the United States.

It is a matter of very great concern, and I understand that the FAA is now considering a notice of proposed rulemaking, and I would like at this time to invite the chairman to give the Members a report on where that issue stands within the rulemaking process, and what the Subcommittee on Aviation plans to do further on this critically important matter.

Mr. MINETA. Mr. Chairman, will the gentleman yield?

Mr. OBERSTAR. I yield to the gentleman from California.

Mr. MINETA. I thank the gentleman for yielding.

Mr. Chairman, I want to thank the gentleman for the gentleman's comments, and again for the inquiry that the gentleman has directed to me at this point.

The subcommittee held a hearing on this issue in July. At that time I and other Members expressed concerns about safety and about American jobs if there were a wholesale liberalization and expansion of the ability of the airlines, U.S. airlines, to maintain their aircraft offshore.

The FAA is expected to propose a new foreign service station rule in the near future, and so our subcommittee will be continuing to monitor the actions of the FAA, and stands prepared to take action depending upon what is in that proposed rule.

Mr. OBERSTAR. The chairman intends to continue pursuing this matter after the NPR is formally available, and I compliment the chairman of the subcommittee on that decision and will look forward to those further hearings.

The CHAIRMAN. Are there further amendments to title I?

If not, the Clerk will designate title II.

The text of title II is as follows:

# **TITLE II—EXTENSION OF AVIATION-RELATED TAXES AND AIRPORT AND AIRWAY TRUST FUND SPENDING AUTHORITY**

## **SEC. 201. SHORT TITLE.**

(a) **SHORT TITLE.**—This title may be cited as the "Airport and Airway Revenue Act of 1987".

## **(b) TABLE OF CONTENTS.—**

# **TITLE II—EXTENSION OF AVIATION-RELATED TAXES AND AIRPORT AND AIRWAY TRUST FUND SPENDING AUTHORITY**

## **Sec. 201. Short title.**

## **Sec. 202. 5-year extension of aviation-related taxes.**

## **Sec. 203. 5-year extension of airport and airway trust fund spending authority.**

## **Sec. 204. Exemption for certain emergency medical transportation by helicopter.**

## **Sec. 205. Reduction in aviation-related taxes where appropriations are significantly below authorizations.**

## **SEC. 202. 5-YEAR EXTENSION OF AVIATION-RELATED TAXES.**

(a) **IN GENERAL.**—The following provisions of the Internal Revenue Code of 1986 are each amended by striking out "January 1, 1988" each place it appears and inserting in lieu thereof "January 1, 1993":

(1) Section 4261(f) (relating to transportation of persons by air).

(2) Section 4271(d) (relating to transportation of property by air).

(3) Section 9502(b) (relating to transfer to Airport and Airway Trust Fund of amounts equivalent to certain taxes).

(b) **FUEL USED IN NONCOMMERCIAL AVIATION.**—Paragraph (5) of section 4041(c) of such Code (relating to noncommercial aviation) is amended by striking out "December 31, 1987" and inserting in lieu thereof "December 31, 1992".

## **SEC. 203. 5-YEAR EXTENSION OF AIRPORT AND AIRWAY TRUST FUND SPENDING AUTHORITY.**

(a) **EXPENDITURES FROM TRUST FUND.**—The material preceding subparagraph (A) of paragraph (1) of section 9502(d) of the Internal Revenue Code of 1986 (relating to expenditures from Airport and Airway Trust Fund) is amended by striking out "October 1, 1987" and inserting in lieu thereof "October 1, 1992".

(b) **TRUST FUND PURPOSES.**—Subparagraph (A) of section 9502(d)(1) of such Code is amended by inserting before the semicolon "or under the Airport and Airway Improvement Amendments of 1987 (as such Act was in effect on the date of the enactment thereof)".

## **SEC. 204. EXEMPTION FOR CERTAIN EMERGENCY MEDICAL TRANSPORTATION BY HELICOPTER.**

(a) **IN GENERAL.**—Section 4261 of the Internal Revenue Code of 1986 (relating to imposition of tax on transportation by air) is

amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) EXEMPTION FOR CERTAIN EMERGENCY MEDICAL TRANSPORTATION.—No tax shall be imposed under this section or section 4271 on any air transportation by helicopter for the purpose of providing emergency medical services if such helicopter—

"(1) does not take off from, or land at, a facility eligible for assistance under the Airport and Airway Development Act of 1970 during such transportation,

"(2) does not otherwise use services provided pursuant to the Airport and Airway Improvement Act of 1982 during such transportation, and

"(3) is owned or leased by a nonprofit health care facility and is operated exclusively under the control of such facility."

(b) TAX FREE SALES.—Subsection (l) of section 4041 of such Code (relating to exemption for certain helicopter uses) is amended to read as follows:

"(l) EXEMPTION FOR CERTAIN HELICOPTER USES.—No tax shall be imposed under this section on any liquid sold for use in, or used in, a helicopter for purposes of providing transportation with respect to which the requirements of subsection (e) or (f) of section 4261 are met."

(c) TECHNICAL AMENDMENT.—Subsection (e) of section 4261 of such Code is amended by striking out "System Improvement Act" and inserting in lieu thereof "Improvement Act".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transportation beginning after September 30, 1987.

#### SEC. 205. REDUCTION IN AVIATION-RELATED TAXES WHERE APPROPRIATIONS ARE SIGNIFICANTLY BELOW AUTHORIZATIONS.

(a) IN GENERAL.—Part III of subchapter C of chapter 33 of the Internal Revenue Code of 1986 (relating to facilities and services) is amended by adding at the end the following new section:

#### "SEC. 4283. REDUCTION IN AVIATION-RELATED TAXES IN CERTAIN CASES.

"(a) REDUCTION IN RATES.—The rate of any tax to which this section applies with respect to any taxable event occurring during any reduced-tax year shall be an amount equal to the funding shortfall percentage of the rate which would (but for this section) apply with respect to such event.

"(b) TAXES TO WHICH SECTION APPLIES.—This section shall apply to the taxes imposed by—

"(1) subsection (a) of sections 4261 (relating to tax on transportation of persons by air),

"(2) subsection (b) of section 4261 (relating to tax on seats, berths, etc.),

"(3) subsection (a) of section 4271 (relating to tax on transportation of property by air),

"(4) paragraph (1) of section 4041(c) (relating to tax on certain fuels used in noncommercial aviation), and

"(5) paragraph (2) of section 4041(c) (relating to tax on gasoline used in noncommercial aviation).

"(c) REDUCED-TAX YEAR.—For purposes of this section, the term 'reduced-tax year' means any calendar year after 1988 if the Secretary determines that—

"(1) as of the close of the most recent fiscal year ending before such calendar year, the unobligated balance of the Airport and Airway Trust Fund was at least \$2,000,000,000, and

"(2) the percentage determined under subsection (d)(1) for such fiscal year was less than 90 percent.

"(d) FUNDING SHORTFALL PERCENTAGE.—

"(1) IN GENERAL.—For purposes of this section, the funding shortfall percentage for any calendar year is the percentage (determined by the Secretary) which—

"(A) the sum of—

"(i) the amounts obligated under section 505 of the Airport and Airway Improvement Act of 1982 for the most recent fiscal year ending before such calendar year, and

"(ii) the amounts appropriated under subsections (a) and (b) of section 506 of such Act for such fiscal year, bears to

"(B) the sum of—

"(i) the amounts authorized to be obligated under such section 505 for such fiscal year, and

"(ii) the amounts authorized to be appropriated under subsections (a) and (b) of such section 506 for such fiscal year.

For purposes of this paragraph, an amount shall not be treated as obligated or appropriated for any fiscal year if such amount was obligated or appropriated for a prior fiscal year.

"(2) FUNDING SHORTFALL PERCENTAGE MAY NOT BE LESS THAN 50 PERCENT.—If (but for this paragraph) the funding shortfall percentage would be less than 50 percent, such percentage shall be treated for purposes of this section as being 50 percent.

"(3) TREATMENT OF SEQUESTERED AMOUNTS.—The determination under subparagraph (A) of paragraph (1) shall be made without regard to the sequestration of any amount described therein pursuant to an order under part C of title II of the Balanced Budget and Emergency Deficit Control Act of 1985 (or any successor law).

"(e) SPECIAL RULES.—

"(1) APPLICATION OF REDUCTION TO TAX ON GASOLINE USED IN NONCOMMERCIAL AVIATION.—

"(A) IN GENERAL.—The funding shortfall percentage for any reduced-tax year shall apply to the aggregate taxes imposed by sections 4041(c)(2) and 4081 on fuel sold or used as described in section 4041(c)(2).

"(B) CREDIT OR REFUND WHERE REDUCTION EXCEEDS 3 CENTS.—For credit or refund where reduction of tax exceeds 3 cents, see section 6427(p).

"(2) TAXABLE EVENT FOR TAXABLE TRANSPORTATION BY AIR.—In the case of the taxes imposed by sections 4261 and 4271, the taxable event shall be treated for purposes of this section as occurring when the taxable transportation begins.

"(3) ROUNDING CONVENTIONS.—

"(A) PERCENTAGES.—

"(i) IN GENERAL.—If any percentage to which this subparagraph applies is not a multiple of 0.1 percent, such percentage shall be rounded to the nearest multiple of 0.1 percent (or if such percentage is a multiple of 0.05 percent and not a multiple of 0.1 percent, such percentage shall be reduced to the next lower multiple of 0.1 percent).

"(ii) PERCENTAGES TO WHICH SUBPARAGRAPH APPLIES.—This subparagraph shall apply to—

"(I) the rates of the taxes imposed by subsections (a) and (b) of section 4261 and section 4271 for any reduced-tax year (after the application of subsection (a)), and

"(II) the percentage determined under subsection (d)(1).

"(B) FUEL TAXES.—If the rate of any tax imposed by paragraph (1) or (2) of section 4041(c) for any reduced-tax year (after the application of subsection (a)) is not a multi-

ple of 0.1 cent, such rate shall be rounded to the nearest multiple of 0.1 cent (or if such rate is a multiple of 0.05 cent and not a multiple of 0.1 cent, such rate shall be reduced to the next lower multiple of 0.1 cent).

"(4) DETERMINATION OF UNOBLIGATED BALANCE.—

"(A) IN GENERAL.—Not later than 15 days after the close of each fiscal year ending on or after September 30, 1988, the Secretary shall determine—

"(i) the unobligated balance of the Airport and Airway Trust Fund,

"(ii) the funding shortfall percentage (if any) for such fiscal year, and

"(iii) whether the following calendar year will be a reduced-tax year for purposes of this section.

"(B) DETERMINATIONS TO BE PUBLISHED IN FEDERAL REGISTER.—As soon as practicable after making the determinations under subparagraph (A), the Secretary shall publish such determinations in the Federal Register.

"(5) TREATMENT OF OBLIGATIONS.—For purposes of this section—

"(A) IN GENERAL.—Except as provided in subparagraph (B), an amount shall be treated as obligated when it is appropriated.

"(B) AMOUNTS OBLIGATED UNDER SECTION 505 OF AIRWAY IMPROVEMENT ACT.—An amount shall be treated as obligated under section 505 of the Airport and Airway Improvement Act of 1982 when the obligational authority with respect to such amount is exercised."

(b) REFUND OF FUEL TAXES ON NONCOMMERCIAL AVIATION WHERE REDUCTION EXCEEDS 3 CENTS.—

(1) IN GENERAL.—Section 6427 of such Code (relating to fuels not used for taxable purposes) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) GASOLINE USED IN NONCOMMERCIAL AVIATION DURING REDUCED-TAX YEARS.—Except as provided in subsection (k), if—

"(1) any tax is imposed by section 4041(c)(2) or 4081 on any gasoline sold during any reduced-tax year (as defined in section 4283(c)), and

"(2) such gasoline is used as a fuel in any aircraft in noncommercial aviation (as defined in section 4041(c)(4)),

the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to the excess of the aggregate amount of tax paid under sections 4041(c)(2) and 4081 on the gasoline so used over the aggregate amount of tax properly payable after the application of section 4283."

(2) TECHNICAL AMENDMENTS.—

(A) Paragraph (1) of section 6427(i) of such Code is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (p)".

(B) Clause (i) of section 6427(i)(2)(A) of such Code is amended by striking out "and (h)" and inserting in lieu thereof "(h), and (p)".

(3) CROSS REFERENCE.—Subsection (c) of section 4041 of such Code is amended by adding at the end thereof the following new paragraph:

"(6) REDUCTION IN RATES OF TAX IN CERTAIN CIRCUMSTANCES.—For reduction of rates of taxes imposed by paragraphs (1) and (2) in certain circumstances, see section 4283."

(c) CLERICAL AMENDMENT.—The table of sections for part III of subchapter C of

chapter 33 of such Code is amended by adding at the end the following new item:

"Sec. 4283. Reduction in aviation-related taxes in certain cases."

(d) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on October 1, 1988.

The **CHAIRMAN**. Pursuant to the rule, no amendment to title II of the amendment in the nature of a substitute shall be in order except pro forma amendments offered for the purpose of debate.

Does any Member seek recognition for purposes of debate under title II?

**AMENDMENT OFFERED BY MR. HAMMERSCHMIDT**  
Mr. **HAMMERSCHMIDT**. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. **HAMMERSCHMIDT**: At the end of the bill, add the following new title:

#### TITLE III

##### SEC. 301. ESSENTIAL AIR SERVICE.

(a) **EXTENSION OF SMALL COMMUNITY AIR SERVICE PROGRAM.**—Section 419 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1389) is amended to read as follows:

"SEC. 419. SMALL COMMUNITY AIR SERVICE.

"(a) **ELIGIBLE POINT DEFINED.**—For the purposes of this section, the term 'eligible point' means any point in the United States—

"(1) which is defined as an eligible point under this section as in effect before October 24, 1988 and, in the 12-month period ending on such date, received scheduled air transportation; and

"(2) which the Secretary determines is—

"(A) 35 highway miles or more from the nearest hub airport; or

"(B) 35 highway miles or more from the nearest nonhub airport at which the Secretary determines that significant scheduled air service is available.

"(b) **BASIC ESSENTIAL AIR SERVICE.**—

"(A) **DETERMINATION BY THE SECRETARY.**—With respect to each eligible point for which a determination of what constitutes essential air transportation was made under this section before October 24, 1988, the Secretary shall determine what is basic essential air service for such point. Such determination shall be made no later than the last day of the 1-year period beginning on October 24, 1988, and only after consideration of the views of any interested community and the State agency of the State in which such community is located.

"(B) **CONTINUATION OF REQUIREMENT; TRANSITION PROVISIONS.**—An air carrier required to provide essential air transportation before October 24, 1988, to an eligible point shall be required to continue to provide such transportation to such point after such date and the level of such transportation shall be deemed to be basic essential air service for purposes of this subsection until a determination is made under subparagraph (A) with respect to such point. The rate of compensation in effect for essential air transportation before such date shall continue in effect until a new rate is determined in accordance with the guidelines under subsection (f) of this section.

"(C) **REVIEW.**—The Secretary shall periodically review the basic essential air service level for each eligible point, and may, based upon such review and consultations with the interested community and the State agency of the State in which such communi-

ty is located, make appropriate adjustments to the basic essential air service level.

"(2) **NOTICE REQUIRED BEFORE TERMINATION, SUSPENSION, OR REDUCTION IN SERVICE.**—An air carrier may not terminate, suspend, or reduce air transportation to any eligible point below the level of basic essential air service established under paragraph (1) unless such air carrier has given the Secretary, the appropriate State agency or agencies, and the communities affected at least 90 days notice prior to such termination, suspension, or reduction.

"(3) **DETERMINATION OF NEED FOR COMPENSATION.**—

"(A) **SELECTION OF CARRIER.**—Whenever the Secretary determines that basic essential air service will not be provided to an eligible point without compensation, the Secretary shall provide notice that applications may be submitted by any air carrier that is willing to provide such service to such point for compensation under this subsection. In selecting an applicant to provide basic essential air service to a point for compensation the Secretary shall, among other factors, specifically consider—

"(i) the applicant's demonstrated reliability in providing scheduled air service;

"(ii) the contractual and marketing arrangements that the applicant has made with a larger air carrier to assure service beyond the hub airport;

"(iii) the interline arrangements which the applicant has made with a larger air carrier which allow passengers and cargo of the applicant at the hub airport to be transported by such large carrier through one reservation, one ticket, and one baggage check-in;

"(iv) the preferences of the actual and potential users of air transportation at the eligible point, giving great weight to the views of elected officials representing such users; and

"(v) with respect to any eligible point in the State of Alaska, the experience of an applicant in providing scheduled air service, or significant patterns of nonscheduled air service pursuant to an exemption granted pursuant to section 416 of this Act, in Alaska.

"(B) **RATE OF COMPENSATION.**—The Secretary shall establish, in accordance with the guidelines promulgated under subsection (f), the rate of compensation to be paid for providing basic essential air service under this subsection.

"(4) **PAYMENT OF COMPENSATION.**—The Secretary shall make payments of compensation under this subsection at times and in a manner determined by the Secretary to be appropriate. The Secretary shall continue to pay compensation to any air carrier to provide basic essential air service to an eligible point only for so long as the Secretary determines it is necessary in order to maintain basic essential air service to such point.

"(5) **REQUIREMENT TO CONTINUE SERVICE.**—Notwithstanding section 401(j) of this title, if an air carrier has provided notice to the Secretary under paragraph (2) of such air carrier's intention to suspend, terminate, or reduce service to any eligible point below the level of basic essential air service to such point, and if at the conclusion of the applicable period of notice the Secretary has not been able to find another air carrier to provide basic essential air service to such point, the Secretary shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide basic essential air service to such point, whichever first occurs. If

at the end of such 30-day period the Secretary determines that no other air carrier can be secured to provide basic essential air service to such eligible point on a continuing basis, either with or without compensation, then the Secretary shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue basic essential air service to such eligible point until an air carrier can be secured to provide basic essential air service to such eligible point on a continuing basis.

"(6) **COMPENSATION FOR CONTINUED SERVICE.**—

"(A) **CARRIERS RECEIVING COMPENSATION.**—If any air carrier (i) which is providing air transportation to any eligible point, and (ii) which is receiving compensation under this subsection for providing such transportation, is required by the Secretary to continue service to such point beyond the date on which such carrier would, but for paragraph (5), be able to suspend, terminate, or reduce such point below the level of basic essential air service to such point, then after such date such carrier shall continue to receive such compensation until the Secretary secures another air carrier to provide basic essential air service to such point or the 180th day following such date, whichever is earlier. After such 180th day, such carrier shall receive compensation determined in accordance with subparagraph (B).

"(B) **CARRIERS NOT RECEIVING COMPENSATION.**—If the Secretary requires an air carrier which is providing air transportation to any eligible point without compensation pursuant to paragraph (4) to continue to provide basic essential air service to such point beyond the 90-day notice period after which, but for paragraph (5) of this subsection, such air carrier would be able to suspend, terminate, or reduce service to such point below basic essential air service for such point, then the Secretary shall compensate such air carrier in an amount sufficient to cover—

"(i) the carrier's fully allocated actual costs plus return on used and useful investment (at market value) attributable to the basic essential air service at the time the 90-day notice of termination, suspension, or reduction of service is given to the Secretary under paragraph (2); and

"(ii) the reasonably demonstrable cost of opportunities foregone as a result of being obliged to provide such extended service.

"(7) **PROCEDURE FOR COMPENSATION CLAIMS.**—

"(A) **AIR CARRIER'S RIGHT OF APPEAL.**—Within 90 days after a claim for compensation of an air carrier under paragraph (6) has been decided by the Secretary or deemed to have been decided by the Secretary under subparagraph (C), the air carrier may request the Secretary to review such decision. Any such request shall be heard and determined by an administrative law judge. The decision of the administrative law judge on the request shall be final, except that—

"(i) the air carrier may appeal the decision of the administrative law judge to the United States Court of Appeals for the Federal Circuit within 120 days after the date of such decision, or

"(ii) the Secretary, with the prior approval of the Attorney General, may appeal the decision of the administrative law judge to the Court of Appeals for the Federal Circuit within 120 days after the date of such decision.

"(B) **ACTION IN CLAIMS COURT.**—

"(i) GENERAL RULE.—In lieu of requesting under subparagraph (A) a review of the decision of the Secretary on a claim for compensation of an air carrier, the air carrier may bring an action directly on the claim in the United States Claims Court, notwithstanding any contact provision, regulation, or rule of law to the contrary. Any action on a claim under this subparagraph shall be filed within 120 days after the claim has been decided by the Secretary or deemed to have been decided by the Secretary under subparagraph (C).

"(ii) EVIDENCE.—If an administrative law judge has issued an initial decision after a hearing on the record on a claim for compensation under paragraph (6) before the Secretary, the United States Claims Court may, in its discretion, rely upon the evidence presented at such hearing and may give such initial decision such weight as the court deems appropriate.

"(C) TIME LIMIT FOR FINAL DECISION BY SECRETARY.—Failure of the Secretary to issue a final decision on a claim under paragraph (6) within 1 year after it is filed with the Secretary, or by October 24, 1988, whichever is later, shall be deemed to be a decision by the Secretary denying the claim.

"(D) INTEREST.—Interest on amounts which are found to be due an air carrier in the decision of the Secretary or the judgment of the United States Claims Court, as the case may be, on a claim for compensation under paragraph (6) shall be paid to the air carrier from the date the Secretary receives the claim under paragraph (6) from the air carrier to the date on which the claim is paid. Such interest shall be paid at the rates provided in section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611).

"(E) PAYMENT OF CLAIMS.—

"(i) PROMPT PAYMENT.—Any judgment against the United States, or monetary award by an administrative law judge, under this paragraph on a claim of an air carrier under paragraph (6) shall be paid promptly in accordance with section 1304 of title 31, United States Code.

"(ii) REIMBURSEMENT.—The Secretary shall reimburse the funds provided by section 1304 of title 31, United States Code, for payments made pursuant to clause (i). Such reimbursement shall be made from funds available to the Secretary or from funds appropriated to the Secretary for such purpose.

"(F) JURISDICTION.—The United States Court of Appeals for the Federal Circuit shall have jurisdiction of appeals brought under subparagraph (A). The United States Claims Court shall have jurisdiction of actions brought under subparagraph (B).

"(8) TRANSFER OF OPERATIONAL AUTHORITY AT CERTAIN HIGH-DENSITY AIRPORTS.—If an air carrier which is providing basic essential air service under this subsection between an eligible point and an airport which the Administrator of the Federal Aviation Administration limit the number of instrument flight rule takeoffs and landings of aircraft provides notice to the Secretary of its intention to suspend, terminate, or reduce such service and another air carrier is secured to provide such service on a continuing basis, the Secretary shall require the carrier suspending, terminating, or reducing such service to transfer any operational authority which such carrier has to conduct a landing or takeoff at such airport with respect to such service to the carrier secured to provide such service.

"(9) EFFORT TO SECURE CARRIERS.—During any period for which the Secretary requires

any air carrier to continue providing air transportation to an eligible point which such air carrier has proposed to terminate, reduce, or suspend, the Secretary shall continue to make every effort to secure an air carrier to provide at least basic essential air service to such eligible point, on a continuing basis.

"(10) PROHIBITION ON CERTAIN REDUCTIONS IN SERVICE.—Unless the Secretary has determined what is basic essential air service for any eligible point pursuant to paragraph (1) of this subsection, the Secretary shall, upon petition of any appropriate representative of such point prohibit any termination, suspension, or reduction of air transportation which reasonably appears to deprive such point of basic essential air service, until the Secretary has completed such determination.

"(C) ENHANCED ESSENTIAL AIR SERVICE.—

"(1) PROPOSAL.—

"(A) SUBMISSION.—A State or local government may submit a proposal to the Secretary for enhanced essential air service to an eligible point with respect to which basic essential air service is being provided under subsection (b).

"(B) CONTENTS.—A proposal submitted under this subsection shall specify the level and type of enhanced essential air service which such government considers appropriate. Such proposal shall also include an agreement relating to compensation required for the proposed enhanced essential air service. Such agreement shall be subject to the requirements of subparagraph (C).

"(C) COMPENSATION AGREEMENT.—The agreement relating to compensation included in the proposal submitted by a State or local government under this subsection shall either—

"(i) provide for the State or local government or any person to pay 50 percent of the compensation required for the proposed enhanced essential air service and for the Federal share of such compensation to be 50 percent; or

"(ii) provide for the Federal share for such compensation to be 100 percent and provide that, if the proposed service is not successful in terms of the criteria established under paragraph (3)(C) for not less than a 2-year period, the eligible point shall not be eligible for air service for which compensation is payable by the Secretary under this section.

"(2) ESTABLISHMENT OF SERVICE.—Not later than 90 days after receiving a proposal under paragraph (1), the Secretary shall issue a decision on the proposal. The Secretary shall approve such proposal unless the Secretary determines that such proposal is not reasonable; in which case the Secretary shall disapprove such proposal and notify the State or local government submitting such proposal of such disapproval and the reasons therefor.

"(3) REVIEW.—

"(A) PROPOSALS FOR 50 PERCENT FEDERAL SHARE.—If the enhanced essential air service approved under this subsection is to be at a 50 percent Federal share, the Secretary shall periodically review the level and type of such service to an eligible point and may, based upon such review and consultations with the community and the government or person paying the non-Federal share, make appropriate adjustments to the level and type of enhanced essential air service to such point.

"(B) PROPOSALS FOR 100 PERCENT FEDERAL SHARE.—If the enhanced essential air service approved under this subsection is to be at a

100 percent Federal share, the Secretary shall periodically review air service provided to an eligible point under this subsection. If the Secretary finds, after consultation with the State or local government which submitted the proposal, that such service has not been successful in terms of the criteria established under subparagraph (C) for not less than a 2-year period, such eligible point shall not be eligible for air service for which compensation is payable by the Secretary under this section.

"(C) CRITERIA OF SUCCESS.—The Secretary shall establish, by regulation, objective criteria for determining whether or not enhanced essential air service to an eligible point provided under this subsection is successful in terms of increasing passenger usage of the airport facilities at such point and reducing the amount of compensation provided by the Secretary under this subsection for such service.

"(4) NOTICE BEFORE TERMINATION, SUSPENSION, OR REDUCTION OF SERVICE.—An air carrier may not terminate, suspend, or reduce air transportation to an eligible point for which a determination of enhanced essential air service has been made below the level of such service approved by the Secretary under this subsection unless such carrier has given the Secretary, the community affected, and the government or person paying the non-Federal share at least 30 days notice before such termination, suspension, or reduction. Nothing in this paragraph relieves an air carrier of its obligations under subsection (b).

"(5) PAYMENT OF COMPENSATION.—The Secretary shall make payments of compensation under this subsection at times and in a manner determined by the Secretary to be appropriate. The Secretary shall continue to pay the compensation to an air carrier to provide enhanced essential air service to an eligible point only for so long as such carrier maintains the level of enhanced essential air service and the government or person agreeing to pay any non-Federal share continues to pay such share and only for so long as the Secretary determines it is necessary in order to maintain such service to such point.

"(6) PAYMENT OF NON-FEDERAL SHARE.—The Secretary may require appropriate payment in advance or such other security to assure that non-Federal payments for enhanced essential air service under this subsection are made on a timely basis.

"(7) COMPENSATION FOR ENHANCED ESSENTIAL AIR SERVICE DEFINED.—For purposes of this subsection, compensation for enhanced essential air service to any eligible point covers only those costs incurred for providing air service to such point which are in addition to the costs incurred for providing basic essential air service to such point under this section.

"(d) COMPENSATION FOR SERVICE TO OTHER SMALL COMMUNITIES.—

"(1) PROPOSAL.—A State or local government may make a proposal to the Secretary for compensated air transportation in accordance with this subsection to a point that is not an eligible point under this section.

"(2) DETERMINATION OF ELIGIBILITY.—

"(A) DESIGNATION OF POINTS.—Not later than 90 days after the submission of a proposal under this subsection, the Secretary—

"(i) shall determine whether or not to designate the point for which such proposal is made as eligible to receive compensation under this subsection; and

"(ii)(I) shall approve such proposal if the State or local government submitting the proposal or any other person is willing and able to pay 50 percent of the cost of providing the proposed compensated air transportation; or

"(II) if the Secretary determines that such proposal is not reasonable, shall disapprove such proposal and notify the State or local government submitting such proposal of the reasons therefor.

"(B) Notwithstanding subparagraph (A)(ii), the Secretary shall approve a proposal submitted under this subsection for compensated air transportation to a point in the continental United States—

"(i) if, at any time before October 23, 1978, the point was served by an air carrier that held a certificate issued under section 401;

"(ii) if the point is more than 50 miles from a hub airport or an eligible point;

"(iii) if the point is more than 150 miles from a medium or large hub airport; and

"(iv) if the State or local government submitting the proposal or any other person is willing and able to pay 10 percent of the cost of providing the proposed compensated air transportation.

"(C) CRITERIA FOR DETERMINING REASONABLENESS.—In determining whether or not a proposal submitted under this subsection is reasonable, the Secretary shall consider, among other factors, the traffic generating potential of the point, the cost to the Federal Government of providing the proposed service, and the distance of the point from the closest hub airport.

"(D) WITHDRAWAL OF DESIGNATION.—After notice and an opportunity for any interested person to comment, the Secretary may withdraw the designation of a point under this paragraph as eligible to receive compensation under this subsection if the point has received air service under this subsection for at least 2 years and the Secretary determines that withdrawal of that designation would be in the public interest. The Secretary shall establish, by regulation, standards for determining whether or not withdrawal of a designation under this paragraph is in the public interest. Such standards shall include but not be limited to the criteria established for determining reasonableness by subparagraph (C).

"(3) LEVEL OF SERVICE.—

"(A) INITIAL DETERMINATION.—If the Secretary designates a point under paragraph (2), the Secretary shall determine the level of service to be provided under this subsection. The Secretary shall determine such level after considering the views of any interested community, the State agency of the State in which the point is located and the government or person agreeing to pay the non-Federal share of the cost of the proposed service. The Secretary shall determine such level not later than 6 months after the date on which the Secretary designates such point under paragraph (2).

"(B) REVIEW.—The Secretary shall periodically review the level of air service provided under this subsection and may, based upon such review and consultation with any interested community, any State agency of the State in which the community is located, and any government or person providing the non-Federal share of the compensation for the service, make appropriate adjustments in that level of service.

"(4) SELECTION OF CARRIER.—After making the determinations required by paragraph (3) with respect to a designated point, the Secretary shall provide notice that applica-

tions may be submitted by any air carrier that is willing to provide the level of air service determined under paragraph (3) with respect to such point. In selecting an applicant to provide such service the Secretary shall, among other factors, consider the factors set forth in subsection (b)(3)(A) and shall also consider the views of the government or person paying the non-Federal share of the cost of the service.

"(5) NONFEDERAL SHARE.—The non-Federal share for compensation required for providing air service under this subsection shall be 50 percent.

"(6) NOTICE BEFORE TERMINATION, SUSPENSION, OR REDUCTION OF SERVICE.—An air carrier may not terminate, suspend, or reduce air transportation to an eligible point for which compensation is paid under this subsection below the level of such service established by the Secretary under paragraph (3) unless such carrier has given the Secretary, the community affected, and the government or person paying the non-Federal share at least 30 days notice before such termination, suspension, or reduction.

"(7) PAYMENT OF COMPENSATION.—The Secretary shall make payments of compensation under this subsection at times and in a manner determined by the Secretary to be appropriate. The Secretary shall continue to pay compensation to any air carrier to provide service to a point designated under this subsection only for so long as such carrier maintains such service and the government or person agreeing to pay the non-Federal share continues to pay such share and only for so long as the Secretary determines it is necessary in order to maintain such service to such point.

"(8) PAYMENT OF NON-FEDERAL SHARE.—The Secretary may require appropriate payment in advance or such other security to assure that the non-Federal payments for air service under this subsection are timely made.

"(e) FITNESS.—

"(1) GENERAL RULE.—Notwithstanding section 416(b) of this title, the Secretary shall prohibit any air carrier from providing service under this section, unless the Secretary determines that such air carrier—

"(A) is fit, willing, and able to perform such service; and

"(B) that all aircraft which will be used to perform such service and all operations relating to such service will conform to the safety standards established by the Administrator.

"(2) LIMITATION ON COMPENSATION.—The Secretary may not pay compensation to any air carrier for providing air service under this section unless the Secretary finds that such carrier is able to provide the air service in a reliable manner.

"(f) GUIDELINES FOR COMPENSATION.—The Secretary shall establish guidelines to be used in computing the fair and reasonable amount of compensation required to ensure the continuation of air service under this section. Such guidelines shall provide for a reduction in compensation in any case in which an air carrier fails to perform any agreed upon air services. Such guidelines shall take into account amounts needed by air carriers to promote public use of the service for which compensation is to be made and shall include expense elements based upon representative costs of air carriers providing scheduled air transportation of persons, property, and mail, using aircraft of the type determined by the Secretary to be appropriate for providing such service. Amounts needed for promotion of such service shall be a special, segregated element of the required compensation.

"(g) DEADLINE FOR PAYMENT OF COMPENSATION.—Not later than 15 days after receiving a written claim for compensation from an air carrier for providing air service under this section, the Secretary shall pay the Federal share of such claim or deny payment of the Federal share of such claim and notify the carrier of such denial and the reasons therefor.

"(h) INSURANCE.—An air carrier shall not receive compensation under this section unless such air carrier complies with regulations or orders issued by the Secretary governing the filing and approval of policies of insurance or plans for self-insurance in the amount prescribed by the Secretary which are conditioned to pay, within the amount of such insurance, amounts for which such air carrier may become liable for bodily injuries to or the death of any person, or for loss of or damage to property of others, resulting from the operation or maintenance of aircraft.

"(i) CARRIER OBLIGATIONS.—If 2 or more air carriers enter into an agreement to operate under or use a single air carrier designator code to provide air transportation, the air carrier whose code is being used under such agreement shall share responsibility with the other carriers for the quality of service provided under such code to the public by such other carriers.

"(j) ENCOURAGEMENT OF JOINT AIR SERVICE PROPOSALS.—The Secretary shall encourage the submission of joint proposals by 2 or more air carriers for providing air service under this section through arrangements which will maximize service to and from major destinations beyond the hub.

"(k) DEFINITIONS.—For purposes of this section—

"(1) BASIC ESSENTIAL AIR SERVICE.—The term 'basic essential air service' means scheduled air transportation of persons and cargo to a medium or large hub airport (or in any case in which the nearest medium or large hub airport is more than 400 miles and in the case of Alaska, to a hub or nonhub airport) which has connecting air service to a substantial number of destinations beyond such airport. Such transportation shall include, at least, the following elements:

"(A)(i) with respect to a point not in the State of Alaska, 2 daily round trips 6 days per week, with not more than 1 intermediate stop on each flight; or

"(ii) with respect to a point in the State of Alaska, a level of service that is not less than that which existed in calendar year 1976, or 2 round trips per week, whichever is greater, unless otherwise specified under an agreement between the Secretary and the State agency of the State of Alaska, after consultation with the community affected;

"(B) flights at reasonable times taking into account the needs of passengers with connecting flights at such airport and at rates, fares, and charges which are not excessive when compared to the generally prevailing fares of other air carriers for like service between similar pairs of points; and

"(C) with respect to a point not in the State of Alaska, service provided in an aircraft of 15 passenger seats or more if the average daily enplanements at such point in any calendar year beginning after December 31, 1975, and ending on or before December 31, 1986, exceeded 11 passengers unless—

"(i) requiring such service would require the payment of compensation in a fiscal year under subsection (b)(4) or (b)(6) with respect to such point when no compensation under such subsection would otherwise be

paid with respect to such point in such fiscal year; or

"(ii) the community concerned agrees in writing with the Secretary to the use of smaller aircraft to provide service to such point;

"(D) service which accommodates the estimated passenger and cargo traffic at an average load factor of not greater than—

"(i) 50 percent, or

"(ii) in any case in which such service is being provided with aircraft with 15 passenger seats or more, 60 percent,

for each class of traffic taking into account seasonal demands for such service;

"(E) service provided in an aircraft with at least 2 engines and using 2 pilots, unless scheduled air transportation in aircraft with at least 2 engines and using 2 pilots has not been provided with respect to the point on each of 60 consecutive operating days at any time since October 31, 1978; and

"(F) in the case of service which regularly exceeds 8,000 feet in altitude, service provided with pressurized aircraft.

"(2) ENHANCED ESSENTIAL AIR SERVICE.—The term 'enhanced essential air service' means scheduled air transportation to an eligible point of a higher level or quality than basic essential air service.

"(3) HUB AIRPORT.—The term 'hub airport' means an airport that annually has 0.05 percent or more of the total annual enplanements in the United States.

"(4) LARGE HUB AIRPORT.—The term 'large hub airport' means an airport that annually has 1 percent or more of the total annual enplanements in the United States.

"(5) MEDIUM HUB AIRPORT.—The term 'medium hub airport' means an airport that annually has 0.25 percent or more but less than 1 percent of the total annual enplanements in the United States.

"(6) NONHUB AIRPORT.—The term 'nonhub airport' means an airport that annually has less than 0.05 percent of the total annual enplanements in the United States.

"(1) DURATION OF PROGRAM.—This section shall not be in effect after December 31, 1998."

(b) CONFORMING AMENDMENT.—The table of contents contained in the first section of the Federal Aviation Act of 1958 is amended by striking out the item relating to section 419 and inserting in lieu thereof the following:

"Sec. 419. Small community air service.

"(a) Eligible point defined.

"(b) Basic essential air service.

"(c) Enhanced essential air service.

"(d) Compensation for service to other small communities.

"(e) Fitness.

"(f) Guidelines for compensation.

"(g) Deadline for payment of compensation.

"(h) Insurance.

"(i) Carrier obligations.

"(j) Encouragement of joint air service proposals.

"(k) Definitions.

"(l) Duration of program."

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect October 24, 1988.

Conform the table of contents of the bill accordingly.

Mr. HAMMERSCHMIDT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HAMMERSCHMIDT. Mr. Chairman, this amendment reauthorizes the Essential Air Service [EAS] Program. It combines the best features of H.R. 2318—introduced by myself and 35 cosponsors—and H.R. 2217 introduced by the gentleman from Minnesota [Mr. OBERSTAR] and 5 cosponsors.

The Essential Air Service Program was first enacted in 1978 as part of the Airline Deregulation Act. It was designed to protect small communities from the loss of air service following deregulation. Under this program, the Civil Aeronautics Board [CAB] was required to prevent airlines from abandoning small communities. The CAB was also able to pay a small subsidy to a commuter airline to serve a small community if there were not enough passengers there to make the service profitable on its own. This is not done by the Department of Transportation [DOT]. The amount of money needed to support this program is really quite small—about \$25 million per year—and it has been steadily decreasing.

Unfortunately, the EAS Program is scheduled to expire next year. My amendment would reauthorize this program for another 10 years. It is important to do so now. If we wait until the last minute, it may become difficult to maintain quality air service at the small communities of this Nation.

Right now, there are more than 400 communities in 48 States that benefit from the service guarantees of the Essential Air Service Program. About 150 communities in 32 States actually need a subsidy to keep their air service. Most of them could be expected to lose that service if this program were allowed to expire.

My amendment would do more than merely extend the existing program. It would also improve it.

Over the last few years, many communities have seen their passenger traffic decrease dramatically. This has been mainly caused by the use of small aircraft at these communities. As smaller aircraft were used there, passenger traffic declined. This evidently justified the use of even smaller aircraft which, in turn, led to further deterioration in passenger levels. My amendment would break this downward spiral in air service.

It would require that larger aircraft be used for essential air service. As long as annual enplanements in any of the last 10 years exceeded 11 passengers, the community would be entitled to at least 15-seat aircraft.

In addition, my amendment:

Would guarantee communities at least 2 flights per day, 6 days per week.

It would guarantee service to a medium or large hub where, by definition, good connections will be available to passengers. This would replace the current requirement that flights go to a so-called community of interest.

It would guarantee that flights to the hub have no more than one stop. The current law has no limit on the number of stops.

The second part of the amendment would give a community the opportunity to seek further enhancements in its air service. A community could get more flights, flights with larger aircraft or other improvements that it desires if it were willing to share in the increased subsidy cost.

The third part of the amendment would give additional communities the opportunity to benefit from the service and subsidy guarantees.

There are several other features of the amendment that are noteworthy.

The amendment would continue the requirement that airlines must be found "fit" before providing essential air service.

It would require that subsidy rates for airlines providing essential air service set aside some money for the advertising and promotion of that service.

It would take away slots from airlines abandoning small communities to the extent that those slots were needed by the replacement carrier.

It would encourage major carriers to assume some responsibility for the quality of customer service provided by their regional carrier partners. Frequently, a larger carrier will allow a smaller one to use its computer code and even have its name painted on the smaller carrier's aircraft.

This arrangement has benefits for passengers from small communities. But sometimes when a passenger has a problem with the smaller carrier, the employees of the larger carrier act as if they never heard of it.

My amendment would assure that where passengers are on a trip involving two carriers using a common designator code, the carrier whose code is being used accepts responsibility for seeing that passenger service complaints directed to it are handled promptly, regardless of whether the complaints relate to service by that carrier or its code-sharing partner.

In sum, my amendment would preserve and improve small community air service. I would like to thank Mr. OBERSTAR for his help in crafting this amendment and also Mr. MINETA and Mr. GINGRICH for their cooperation in this effort. I urge my colleagues to support this amendment.

#### SECTION-BY-SECTION SUMMARY OF THE ESSENTIAL AIR SERVICE AMENDMENT

The amendment revises Section 419 of the Federal Aviation Act to create a new essential air service program.

Subsection (a) defines which communities are eligible for this air service program. It defines them as any community that was an eligible point under current law, was receiving scheduled air service under that law, and that is not close to alternate air service. Communities less than 35 miles from the nearest hub airport would be excluded as would those less than 35 miles from another non-hub where the Secretary determines that significant scheduled air service is available. Appendix P of the 1987 DOT study on essential air service was relied on in establishing these distances.

Subsection (b) creates the basic essential air service guarantee. It is similar to, but slightly better than, the current essential air transportation guarantee.

Paragraph (b)(1) requires the Secretary to establish a basic essential air service level for eligible points within 1 year. The level established must be based on the definition of basic essential air service in paragraph (k)(1) below. Eligible points would continue to be guaranteed their current essential air transportation until the new basic essential air service level was established under this paragraph.

Paragraph (b)(2) requires a carrier to give 90 days notice before terminating service at an eligible point or reducing it below the basic essential air service level.

Paragraph (b)(3) directs the Secretary to select a carrier to provide basic essential air service with subsidy where necessary. Subparagraph (B) of this paragraph lists several factors that the Secretary should consider in making the selection. These include the applicant's service reputation, the preferences of the community concerned, the existence of a contractual or marketing arrangement (such as code-sharing) between the applicant and a larger carrier, and the existence of interline agreements between the applicant and the major carrier at the hub.

Paragraph (b)(4) directs the Secretary to pay subsidy to a carrier to provide basic essential air service as long as necessary to maintain that service.

Paragraph (b)(5) directs the Secretary to prohibit a carrier from terminating service or reducing it below the basic essential air service level until a replacement is found.

Paragraph (b)(6) directs the Secretary to compensate a carrier that is required to continue service under paragraph (b)(5) above. If the carrier was already receiving subsidy, it would continue to receive that subsidy for 180 days or until it was replaced on the route. If it is still being forced to provide service after the 180th day, the carrier would be entitled to receive compensation for losses in the same manner as a carrier that was not receiving subsidy. These carriers get their fully allocated actual costs plus return on investment as well as the cost of opportunities foregone.

Paragraph (b)(7) permits a carrier that is dissatisfied with the compensation offered it by the Secretary under paragraph (b)(6) above to appeal that decision. The appeals process is based on the process in the Contract Disputes Act but has been modified to fit the Essential Air Service Program.

Paragraph (b)(8) requires a carrier that is terminating basic essential air service from an eligible point to a high density airport (LaGuardia, Kennedy, O'Hare, National and any that might be added in the future) to turn over the necessary number of slots to a replacement carrier if this replacement carrier wants to provide the basic essential service to the same high density airport.

This would not apply if the carrier was using the same slots to provide essential air service to more than one small community (on a linear route, for example) and was terminating service at only some of those communities.

Paragraph (b)(9) requires the Secretary to make diligent efforts to find a replacement carrier when the incumbent carrier wants to end service to a community.

Paragraph (b)(10) addresses a potential problem that could arise where a small eligible point has never had an essential air transportation determination under existing law because it has always been served by at least 2 certificated air carriers. Until its basic essential air service determination is issued under this bill, this paragraph will protect it from significant reductions in service.

Subsection (c) creates a new enhanced essential air service option. This would be a higher level of service than the basic essential air service level guaranteed under subsection (b) above. There would be two different enhanced essential air service options. Under the first option, a community would submit a proposal for enhanced essential air service to the Secretary. The community must agree to pay 50 percent of the added cost of the enhancement. The Secretary would establish this enhanced level as the service that must be provided to that point unless the community's proposal was unreasonable. The enhancement could take the form of more flights, larger aircraft or other improvements that the community desires.

Under the second option, the community would not have to put up any of its own money. However, the community would risk losing even its basic essential air service guarantee if the enhanced service is not successful under this option. Under this option the community's proposal must state the level of enhanced essential air service that it wants and include an agreement that, if such service is not successful, the community will waive its right to basic essential air service under this section. The Secretary is directed to approve any reasonable proposal from a community and to pay the full subsidy cost of the enhanced service under this option.

Both these options require a carrier providing the enhanced essential air service to give 30 days notice before terminating or reducing that service. After the 30 days expires, the carrier can drop down to the basic essential air service level. If it wanted to reduce or terminate that basic service, it would have to file a further notice in accordance with subsection (a). The mere fact that a carrier filed a notice under this paragraph would not, by itself, justify a finding by the Secretary that the service had not been successful. In addition, both these options require the Secretary to pay subsidy to the carrier providing enhanced essential air service as long as (1) the carrier provides the enhanced level of service, (2) the community pays its share, if any, and (3) the Secretary determines the subsidy is needed in order for the carrier to maintain that service. The Secretary is also permitted to require advance payment from the community for its share of the subsidy.

Subsection (d) creates a program whereby communities that are not eligible for guaranteed basic essential air service under subsection (b) above can apply for alternate service guarantees that are described below.

Paragraph (d)(1) permits any community to apply for this guaranteed air service.

Communities excluded under paragraph (a) above could also apply for air service under this paragraph.

Paragraph (d)(2) directs the Secretary to approve any reasonable proposal under this subsection if the community is willing to pay 50 percent of the subsidy. In determining whether a proposal is reasonable, the Secretary shall consider the number of potential passengers, the subsidy cost, and the distance of the community from alternate air service. Subparagraph (d)(2)(D) would permit the Secretary to withdraw the community's air service guarantee after 2 years if it was not working out.

Subparagraph (d)(2)(B) offers an alternate method for a community to get guaranteed air service if it had had certificated air service in the past. Such communities would be entitled to this service if they were more than 50 miles from a small hub or a non-hub eligible point, more than 150 miles from a medium or large hub, and were willing to pay 10 percent of the subsidy cost.

Paragraph (d)(3) directs the Secretary to establish the level of air service that will be guaranteed after considering the views of the community and anyone else contributing to the non-Federal share of the subsidy. The level could be different than the basic essential air service level required for eligible points under subsection (b).

Paragraph (d)(4) sets forth the factors that the Secretary should consider in selecting an applicant to provide the guaranteed air service.

Paragraph (d)(5) states that the non-Federal share of the subsidy is 50 percent.

Paragraph (d)(6) requires the carrier providing the guaranteed service to give 30 days notice before terminating or reducing that service. The carrier could not be required to continue beyond the 30-day period.

Paragraph (d)(7) directs the Secretary to pay subsidy to the carrier to provide the guaranteed air service. The Secretary would have to continue to pay the subsidy to the carrier as long as the carrier continued to provide the service and the non-Federal share was paid. The Secretary could also end the subsidy if the designation was withdrawn under subparagraph (d)(2)(c) above or if the carrier was able to provide the guaranteed service without subsidy.

Subsection (e) would prevent a carrier from providing air service under this section unless it was found fit by the Secretary to do so. It also prohibits the Secretary from paying subsidy to a carrier for providing essential air service unless the Secretary finds that the carrier will provide that service in a reliable manner.

Subsection (f) directs the Secretary to establish guidelines for calculating the subsidy to be paid carrier. The guidelines recognize the importance of advertising and promotion of the service to its ultimate success by making advertising and promotion a special, identifiable element of the subsidy rate. They also call for a reduction in subsidy in the event that the carrier does not provide some of the required flights.

Subsection (g) requires DOT to pay a subsidy claim within 15 days of receiving a valid bill from the carrier.

Subsection (h) requires the carrier to comply with DOT rules on insurance. This is the same as current law.

Subsection (i) is directed at the situation where a larger carrier allows a smaller one to use its computer code and may even paint its name on the smaller carrier's aircraft but refuses to take any responsibility when a passenger has a problem with the smaller

carrier's service. This subsection would encourage major carriers to assume some responsibility for the quality of service provided by their regional partners. The purpose is to assure that, where passengers are transported on a connection involving two carriers using a common designator code, the carrier whose code is being used accepts responsibility for seeing that passenger service complaints directed to it are handled in a prompt and forthcoming manner, regardless of whether the complaint relates to service by that carrier or its code sharing partner. In response to concerns that this provision might disproportionately impact service to small communities, it has been made applicable to all code-sharing relationships, not just to those involving essential air service.

Subsection (j) directs the Secretary to encourage the submission of joint proposals by 2 or more carriers to provide service beyond the hub.

Subsection (k) defines several terms.

Paragraph (k)(1) sets forth the minimum requirements that must be met by airlines providing basic essential air service. They must provide service to a medium or large hub airport because such airports will provide the best connections for passengers from small communities. These hubs are listed in the joint DOT/FAA publication known as Airport Activity Statistics. Service would not be required to a medium or large hub for service in Alaska or if the nearest such hub was more than 400 miles away from the small community. The following subparagraphs impose additional minimum requirements.

Subparagraph (k)(1)(A) requires airlines to provide 2 round trips per day, 6 days per week with no more than 1 intermediate stop. There is a special provision for Alaska that is the same as the provision in current law.

Subparagraph (k)(1)(B) requires that flights be timed so as to provide good connections at the hub and that the fares be comparable to fares on similar routes.

Subparagraph (k)(1)(C) generally requires service with 15-seat or larger aircraft. If in any one year between 1976 and 1986 a community had average daily enplanements of 12 or more passengers, the community would be entitled to 15-seat or larger aircraft. These communities are listed in appendix E of the February 1987 DOT study on EAS. Both pre- and post-deregulation years are considered because small aircraft and deteriorating service have caused low passenger levels at some small communities in recent years. There are two exceptions to the 15-seat aircraft requirement. Smaller aircraft could continue to be used at communities where service with a small aircraft is now successful (i.e., unsubsidized) but where a larger aircraft requirement would force DOT to step in and pay a subsidy. Also, smaller aircraft could be used where the community agrees to it. It is expected that the 15-seat aircraft used would be aircraft capable of carrying 15 passengers and their baggage.

Subparagraph (k)(1)(D) requires that average load factor not exceed 50 percent when small aircraft, and 60 percent when 15-seat or larger aircraft, are used. If average load factors exceed these levels, larger aircraft or more flights would have to be added.

Subparagraph (k)(1)(E) generally requires service with aircraft that have 2 engines and use 2 pilots.

Subparagraph (k)(1)(F) requires that pressurized aircraft be used when flights will regularly exceed 8,000 feet.

Subsection (l) states that the program created by this amendment shall expire on December 31, 1988. It would commence on October 24, 1988, at the same time the current program expires.

Mr. MINETA. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Arkansas [Mr. HAMMERSCHMIDT] and the gentleman from Minnesota [Mr. OBERSTAR], our very fine distinguished colleague who has been long working on this whole issue of essential air service.

The EAS Program was first established in 1978 as part of the Airline Deregulation Act. The EAS Program assures that small communities which were receiving air service when deregulation was enacted will continue to receive at least a minimum level of service. The service is supported by Federal subsidy, if necessary.

The EAS Program protects air service at approximately 500 communities throughout the Nation, although only about 150 communities actually need the subsidy. The cost to the Federal Government has been quite low and now totals about \$30 million a year.

The amendment now before us renews the program for an additional 10 years. The amendment also improves the program to provide better service to small communities and to give the Government flexibility to end the subsidy at cities within 35 miles of a major airport. The annual cost of the program, including the improved service, should not exceed \$40 million a year.

Mr. Chairman, the cost to the Government of essential air service is quite low and the program is of great importance to small cities which are highly dependent on air service. I urge support of the amendment.

Mr. ROBERTS. Mr. Chairman, I move to strike the last work.

Mr. Chairman, I rise today to voice my strong support for the amendment offered by my good friend and colleague, Mr. HAMMERSCHMIDT, to extend the very successful Essential Air Service Program.

Mr. Chairman, as many members of this body are well aware, the trend toward deregulation in the past 10 years has eroded transportation services in rural communities across this country almost to the point of no return. In 1978, the Airline Deregulation Act went into effect. Since then, major air carriers have been able to abandon air services at will, especially to our rural communities.

That same year, the Essential Air Service Program was set in place to ensure that small communities would not lose air service through the transition period of deregulation. Well, deregulation and its long-lasting effects are still with us. And if the EAS Program is allowed to expire, many rural communities, more than 130 nation-

wide in 60 congressional districts, will be in jeopardy of losing whatever remaining air service they currently have.

The Essential Air Service Program was set in place to help keep air service in rural communities by taking the service routes that major air carriers had abandoned and servicing them with commuter airlines that use smaller, more cost efficient passenger planes.

Not only has the EAS Program assisted many rural communities nationwide, it also has proved cost efficient for taxpayers. Last year more than 40,000 Kansas passengers, plus thousands more across the country were served by airlines participating in the EAS Program at a cost to the Federal Government of \$24 million less than the same air service cost in 1978.

Today, more than 130 cities nationwide, including Dodge City, Garden City, Goodland, Liberal, Hays, Great Bend, Wichita, Hutchinson, and Parsons in my home State of Kansas, still rely on EAS-subsidized airlines for their services. Unfortunately Mr. Chairman, the 10-year EAS Program expires in October 1988. If the EAS Program is allowed to expire, 75 percent of the communities now dependent on federally subsidized airlines will lose that valuable service. For many of those cities, their last link to the national transportation system will be lost.

The last thing our Nation's rural communities need is isolation. The essential air service subsidy is the major reason that commuter air service remains in many of our rural communities. If the EAS Program is discontinued most of the communities now surviving with EAS will be in jeopardy of being isolated from larger airports. It is likely that most of these communities would permanently lose all their commercial air service and be cut off from the Nation's air transportation system.

Mr. Chairman, I urge my colleagues to support the amendment to extend this important program.

Mr. OBERSTAR. Mr. Chairman, I move to strike the requisite number of words.

I rise in very strong support of the amendment offered by the gentleman from Arkansas [Mr. HAMMERSCHMIDT], which I appreciate the gentleman's very kind words.

We have worked together for many months to fashion a workable, reasonable, and practical solution to small communities need for continuation of essential air service. That is exactly what this legislation does.

It will help communities improve the quality and quantity of scheduled air service offered to their citizens, and will do so in a way that provides a quality of service which will in fact be

the kind of service that will generate more passengers, more boardings, and eventually take those communities off this subsidy.

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We provide two kinds of essential air services: basic air service for those communities now in the Essential Air Service Program and enhanced essential air service, meaning more aircraft, larger planes, for those communities where the community and the State agree to pay 50 percent of the cost.

Mr. Chairman, I will withhold further comments at this time because I think there is a consensus in the committee and on the floor to accept this amendment. It has been carefully crafted over a long period of time to respond to the needs and the concerns to make this fiscally responsible and manageable, as well as to sunset over a period of a decade. I ask unanimous consent to include at this point in the RECORD a summary of the highlights of this amendment, and I yield back the balance of my time.

#### ESSENTIAL AIR SERVICE PROGRAM EXTENSION AND IMPROVEMENT

(Amendment to H.R. 2310, Airport Development And Improvement Act)

##### SUMMARY

*Eligible Points* are those communities currently receiving service, and which are 35 miles or more from a hub, or from a non-hub with significant scheduled air service.

*Basic Air Service* means scheduled air service from an eligible point to a medium or large hub which has connecting service to a substantial number of destinations beyond the hub. Additionally, it means:

2 daily round trips 6 days a week; flights at reasonable times, taking into account the needs of the passengers, at reasonable rates;

generally service in aircraft of 15 passenger seats or more for communities which enplaned a daily average of 11 passengers in any calendar year between 1975 and 1986;

in most cases, aircraft must have at least 2 engines using 2 pilots; pressurized aircraft must be provided for flights exceeding 8,000 feet;

the community plays a major role in designing the service.

*Enhanced Air Service* means a higher level or quality of service.

A State or local government may submit a proposal for enhanced service to DOT:

the State or community may agree to pay 50% of the costs of enhanced service, or

the community may receive 100% Federal subsidy for the enhanced service if it agrees that if the proposed service is not successful within 2 years, the community loses its eligibility for any compensation, including for basic service. "Success" is to be defined by DOT in terms of increased passengers and reduced compensation.

DOT is required to approve the community or State's proposal unless the Department finds the proposal is not reasonable. DOT is to define "reasonable" through the regulatory process.

A carrier must give 30 days notice before terminating, suspending or reducing enhanced service. It must continue to provide basic air service.

#### OTHER SMALL COMMUNITIES

Small communities which are not now eligible points may make a proposal for subsidized air service. If DOT accepts the proposal, the community is designated as an eligible point. DOT would provide a 50% Federal match; or if the community received certified air service at any time before October 23, 1978, is more than 50 miles from a hub or an eligible point, and is more than 150 miles from a medium or large hub, the community can receive compensated service if it pays 10% of the cost. If the community has received this service for at least 2 years, and DOT determines that continued service is not in the public interest, DOT may withdraw its designation as an eligible point.

The carrier will be compensated for such service. It may withdraw service after 30 days notice.

#### TERMINATION, SUSPENSION OR REDUCTION OF SERVICE

If an air carrier wants to suspend or terminate basic service, or reduce it below basic service, it must give 90 days notification to the Secretary of Transportation, the State, and communities affected.

DOT must then select an alternative carrier. If no alternative carrier is found, the existing carrier is "held in" for 30-day increments until a carrier is found. Carriers are to be compensated for such hold-in period.

Carriers must be reliable, and must assure connecting service beyond the hub.

When a new carrier is found, it would "inherit" the previous carrier's slots at high-density airports.

#### COMPENSATION

Carriers already receiving compensation for basic service would continue to receive the same level of compensation for 180 days, after which compensation is increased to the level of carriers not currently receiving compensation.

Carriers not receiving compensation at hold-in time would receive their fully allocated actual cost plus return on used and useful investment (at market value) attributable to the basic essential air service at the time the carrier notified DOT of its intention to terminate, suspend or reduce service, plus the reasonably demonstrable costs of opportunities foregone.

Carriers would have the right to appeal DOT's decision on the level of compensation.

#### DURATION OF THE PROGRAM

The program becomes effective October 24, 1988, and terminates December 31, 1998.

Mrs. SMITH of Nebraska. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of this amendment, which would extend the essential air service program for 10 years.

Rural America is facing a passenger transportation crisis.

Passenger train service is almost nonexistent; bus service is declining dramatically; and air service—if available—is at barebones minimum and will end for many communities in 1988 if the essential air service program is allowed to expire.

Congress needs to take a careful look at the entire rural transportation issue.

This amendment, which would extend the essential air service pro-

gram for 10 years, is the best place to begin.

The essential air service program is designed to ensure that small communities are provided with low-cost air service sufficient to assure that they are not cut off from the national air transportation system, and to ease the communities into an era of deregulation.

Essential air service provides air service for about 150 communities in 32 States—10 of them in the Third District of Nebraska.

And DOT estimates that about 70 percent of those communities now receiving essential air service funding would lose air service if the program is not extended.

I think I can speak for nearly every one of those EAS communities when I say that losing EAS would be a disaster.

By voting to extend this program, we assure these communities that they will not lose their air service when the program is set to expire next year.

And by acting early, we can alleviate much of the concern and uncertainty about the future of the program.

As I have said many times before, I believe that the revitalization of rural America will not occur unless adequate transportation is available for its residents.

It's as simple as that.

At this time, a completely free market in the airline industry would only isolate many rural communities.

This is certain: The EAS subsidy program is all that many communities have to ensure that they will not be cut off from the Nation's air transportation system.

The Congress has made a commitment to help ease small communities into an era of deregulation, and we should stand by that commitment.

I urge a "yes" vote on this amendment.

Mr. JOHNSON of South Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Arkansas.

Mr. Chairman, today we have the opportunity to approve an amendment to H.R. 2310 that could mean the difference between economic development and economic stagnation in rural communities throughout the United States.

Essential air service is well-named. If not for this program, many small cities in the State of South Dakota would most likely not have air transportation. Mass transit is practically unknown in rural areas like South Dakota. Rail passenger service is nonexistent; bus service is limited. Some form of air service is essential, and this program has provided that. South Dakota has four small cities that would lose all air service, or at least have it severely curtailed, if essential air service is allowed to

expire. Seven cities in all are designated EAS points.

South Dakota's economy has been almost totally dependent on agriculture. The plight of the agricultural economy is well known, and as family farmers go bankrupt and leave their farms, small towns and cities are being pulled under with them. These small rural communities have been imaginative and resourceful in trying to attract new businesses. State and local governments are pursuing an aggressive course of economic development, promoting South Dakota's work force and quality of life, and voting for sales taxes and bond issues earmarked for economic development. But all of this will be for naught, if businesses cannot fly to these small cities. A major component of the ability to attract business is adequate transportation, as provided by the essential air service program. If prospective businesses cannot easily travel to these towns, they go elsewhere.

If this program is allowed to expire, or if it is terminated prematurely, it will be terminating businesses, it will be terminating jobs, and it will be terminating the hopes of people in South Dakota who simply want to stay in their own part of the country and find a job. The need for this program is overwhelming. The loss of it would be devastating.

I strongly support the amendment being offered by Representative HAMMERSCHMIDT. I think this amendment would establish a basic service that would address the needs of the small communities at a reasonable cost to the Federal Government.

Mr. DAUB. Mr. Chairman, I stand in strong support of the amendment offered by Mr. HAMMERSCHMIDT to extend the authorization of the essential air services for 10 years.

This program remains a vital link in the transportation mix in rural areas that depend on this small program to continue air service to these areas.

In extending the program for 10 years, rural communities can rest assured that economic development will remain a possible reality. Economic development can only occur if a minimum of air transportation exists for these communities.

We spend hundreds of millions of dollars each year to provide adequate transportation to urban areas. Equity demands that a minimum amount be reserved for these rural communities who need the essential air service for future growth and successful development.

Mr. MARLENEE. Mr. Chairman, in 1978, when Congress deregulated the airline industry, we made a commitment to communities served by commuter and smaller airline services to ensure continuation of their service through the essential air service [EAS].

It's time for us to renew that commitment. The Hammerschmidt amendment on H.R. 2310 does exactly that, by extending EAS for an additional 10 years, to the end of 1998.

In addition, it gives the EAS carriers the necessary assurances that they can continue their business planning well into the next decade.

Seven Montana communities—Lewistown, Glendive, Miles City, Glasgow, Wolf Point, Havre, and Sidney—are currently served by EAS, which allows these communities to be connected with the outside world. Without

EAS, people who live in these communities would have to travel several hours away in order to use our air traffic system.

Big Sky Airlines/Northwest Airlink is enjoying one of its best years ever, and I'd like to see them continue to serve these communities into the next decade. Without EAS, Big Sky would be hard pressed to continue its current level of service to these communities.

With an annual budget of approximately \$33 million a year, EAS is inexpensive when compared to many Federal programs that support transportation to the urban centers in the Eastern United States.

Mr. WEBER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Arkansas [Mr. HAMMERSCHMIDT] which will reauthorize the Essential Air Service Program for the next 10 years. Since the deregulation of the airline industry in 1978, the Essential Air Service Program has provided Federal assistance so that small communities, distant from major airports, can maintain their air service. Without this program many of these small airports would have shut down unable to survive in the new regulatory environment.

Many cities in my district depend on smaller, regional airports to fill crucial transportation needs. At a time when rural areas are especially hard hit by the downturn in the farm economy, and communities are aggressively trying to attract new businesses to diversify their economies, it is imperative that we reauthorize essential air service.

More and more businesses are making decisions on where to locate based on the accessibility of airport facilities. Many businesses, now operating in rural areas, will consider moving to urban locations, if they were to lose local air service. The impact on small towns would be devastating and cripple many promising economic development efforts.

In addition to reauthorizing essential air service, the Hammerschmidt amendment makes some positive changes in the program. It enables those communities that want to further upgrade their air service to augment the Federal assistance they receive with local funds. It also allows cities not covered by the program to become eligible under a 2-year test period.

Essential air service deserves and needs to be renewed.

Mr. STANGELAND. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Arkansas.

This amendment will extend and improve the essential Air Service Program. The current program is set to expire in October 1988, threatening to leave rural communities throughout the Nation stranded without adequate air service. Recent testimony before the Aviation Subcommittee illustrated the essential aspect of the EAS Program, its previous successes, and its current needs for extension and improvement.

Mr. Chairman, we cannot and must not abandon our small and rural communities. We need to act promptly and responsibly to extend and improve this modest program. Hundreds of communities across America depend on these small subsidies in order to survive, grow, and diversify their economies. Many rural areas simply need some form of assistance to keep vital transportation routes

and commercial opportunities available in today's age of deregulation.

Like many States, Minnesota would certainly benefit from an extension and improvement of the Essential Air Service Program. Our State has many rural, small communities which need some type of continued assistance. In Bemidji, for example, citizens have very limited transportation opportunities and rely strongly on air travel. Ground transportation is simply not as efficient.

Subsection (d), compensation for service to other small communities, is a particularly important part of the amendment. Generally, it allows the Secretary to determine new eligible points under the EAS Program and requires the Secretary to approve such proposals when the non-Federal interests are willing and able to pay a portion of the cost. This means a small number of communities will now be able to participate in the expanded program. I want to thank the leadership of the subcommittee and full committee for agreeing to these provisions which will address a particular problem in Fergus Falls, MN, one of the towns in my district in need of essential air service.

Mr. Chairman, the wisdom of establishing the EAS Program years ago continues today. Many rural and small communities face difficult economic times these days. It is fair and reasonable to continue this modest program to ensure that small communities do not become isolated from this Nation's great air transportation system. I urge all of my colleagues to support the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. HAMMERSCHMIDT].

The question was taken; and the Chairman announced that the ayes appeared to have it.

#### RECORDED VOTE

Mr. COUGHLIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 385, noes 14, not voting 35, as follows:

[Roll No. 343]

#### AYES—385

Ackerman	Boehlert	Chappell
Akaka	Boggs	Cheney
Alexander	Bonior (MI)	Clarke
Anderson	Bonker	Clay
Andrews	Borski	Clinger
Annunzio	Bosco	Coats
Anthony	Boucher	Coble
Applegate	Boulter	Coelho
Archer	Boxer	Coleman (MO)
Aspin	Brennan	Coleman (TX)
Atkins	Brooks	Collins
AuCoin	Broomfield	Combest
Badham	Brown (CA)	Conte
Baker	Brown (CO)	Cooper
Ballenger	Bruce	Coughlin
Barnard	Bryant	Courter
Barton	Buechner	Coyne
Bates	Bunning	Craig
Beilenson	Burton	Crockett
Bennett	Bustamante	Daniel
Bentley	Byron	Dannemeyer
Bereuter	Callahan	Darden
Berman	Campbell	Daub
Bevill	Cardin	Davis (IL)
Billbray	Carper	Davis (MI)
Bliley	Chapman	de la Garza

DeFazio Jontz Pickett  
 Dellums Kanjorski Pickle  
 Derrick Kaptur Porter  
 DeWine Kasich Price (IL)  
 Dickinson Kastenmeier Price (NC)  
 Dicks Kennedy Pursell  
 Dingell Kennelly Quillen  
 DioGuardi Kildee Rahall  
 Donnelly Kolbe Ravenel  
 Dorgan (ND) Kolter Ray  
 Downey Konnyu Regula  
 Dreier Kostmayer Rhodes  
 Duncan Kyl Richardson  
 Durbin LaFalce Ridge  
 Dwyer Lagomarsino Rinaldo  
 Dymally Lantos Ritter  
 Dyson Latta Roberts  
 Eckart Leach (IA) Robinson  
 Edwards (CA) Leath (TX) Rodino  
 Emerson Lehman (CA) Roe  
 English Lehman (FL) Rogers  
 Erdreich Leland Rose  
 Espy Lent Rostenkowski  
 Evans Levin (MI) Roth  
 Fawell Levine (CA) Roukema  
 Fazio Lewis (CA) Rowland (CT)  
 Feighan Lewis (FL) Rowland (GA)  
 Fields Lightfoot Roybal  
 Fish Lipinski Russo  
 Flake Lloyd Sabo  
 Flippo Lowry (WA) Saiki  
 Florio Lujan Savage  
 Foglietta Lukens, Thomas Sawyer  
 Ford (MI) Lukens, Donald Saxton  
 Ford (TN) MacKay Schaefer  
 Frenzel Madigan Scheuer  
 Gallegly Manton Schneider  
 Gallo Markey Schroeder  
 Garcia Marlenee Schulte  
 Gaydos Martin (IL) Sensenbrenner  
 Gejdenson Martin (NY) Shaw  
 Gekas Martinez Shays  
 Gibbons Matsui Shumway  
 Gilman Mavroules Shuster  
 Gingrich Mazzoli Sikorski  
 Glickman McCandless Sisisky  
 Gonzalez McCloskey Skaggs  
 Goodling McCollum Skeen  
 Gordon McCurdy Skelton  
 Gradison McDade Slaterry  
 Grandy McEwen Slaughter (NY)  
 Grant McGrath Slaughter (VA)  
 Gray (PA) McMillan (NC) Smith (FL)  
 Green McMillen (MD) Smith (IA)  
 Gregg Meyers Smith (NE)  
 Guarini Mfume Smith (NJ)  
 Gunderson Mica Smith (TX)  
 Hall (OH) Michel Smith, Denny  
 Hall (TX) Miller (CA) (OR)  
 Hamilton Miller (OH) Smith, Robert  
 Hammerschmidt Mineta (NH)  
 Hansen Moakley Smith, Robert  
 Harris Mollohan (OR)  
 Hastert Montgomery Snowe  
 Hatcher Moody Solarz  
 Hawkins Moorhead Solomon  
 Hayes (IL) Morella Spratt  
 Hayes (LA) Morrison (CT) St Germain  
 Hefley Morrison (WA) Stallings  
 Hefner Mrazek Stangeland  
 Herger Murphy Stark  
 Hertel Myers Stenholm  
 Hiler Nagle Stratton  
 Hochbrueckner Natcher Studs  
 Holloway Neal Stump  
 Hopkins Nelson Sundquist  
 Horton Nielson Sweeney  
 Houghton Nowak Swift  
 Howard Oaker Swindall  
 Hoyer Oberstar Synar  
 Hubbard Obey Tallon  
 Huckaby Olin Tauke  
 Hughes Owens (NY) Taylor  
 Hunter Owens (UT) Thomas (CA)  
 Hutto Packard Thomas (GA)  
 Hyde Panetta Torres  
 Inhofe Parris Torricelli  
 Ireland Pashayan Towns  
 Jacobs Patterson Traficant  
 Jeffords Pease Traxler  
 Jenkins Pelosi Udall  
 Johnson (CT) Penny Upton  
 Johnson (SD) Pepper Valentine  
 Jones (NC) Perkins Vander Jagt  
 Jones (TN) Petri Vento

Visclosky  
 Volkmer  
 Vucanovich  
 Walgren  
 Watkins  
 Waxman  
 Weber  
 Weldon

Wheat  
 Whittaker  
 Whitten  
 Williams  
 Wilson  
 Wise  
 Wolf  
 Wolpe

Wortley  
 Wyden  
 Wylie  
 Yatron  
 Young (AK)  
 Young (FL)

## NOES—14

Armey  
 Bartlett  
 Carr  
 Chandler  
 Crane

DeLay  
 Dornan (CA)  
 Frank  
 Henry  
 Lungren

Miller (WA)  
 Schumer  
 Walker  
 Yates

## NOT VOTING—35

Bateman  
 Biaggi  
 Billirakis  
 Boland  
 Boner (TN)  
 Conyers  
 Dixon  
 Dowdy  
 Edwards (OK)  
 Foley  
 Frost

Gephardt  
 Gray (IL)  
 Kemp  
 Kleczka  
 Lancaster  
 Lewis (GA)  
 Livingston  
 Lott  
 Lowery (CA)  
 McHugh  
 Molinari  
 Murtha

Nichols  
 Ortiz  
 Oxley  
 Rangel  
 Roemer  
 Sharp  
 Spence  
 Staggers  
 Stokes  
 Tauzin  
 Weiss

□ 1445

Mr. DELAY changed his vote from "aye" to "no."

Mrs. SCHROEDER and Mr. MOORHEAD changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

## PERSONAL EXPLANATION

Mr. FOLEY. Mr. Speaker, on rollcall 343, I was unavoidably absent. Had I been present, I would have voted "aye."

Mr. ERDREICH. Mr. Chairman, I rise in support of H.R. 2310, and appreciate the opportunity to mention a few items in the bill that are important for medium-sized primary airports, such as the Birmingham Airport in my district.

One assumption that underlies this bill is that air service and passenger safety will improve if the medium-sized airports are able to function at their fullest potential. This is certainly true. The bill continues the priority of safety and navigational uses of trust fund money, but it does allow the use of funds for terminal development projects up to the amount of the airport's entitlement, and the use of an increased Federal match, if the Secretary of Transportation finds that such increases are in the public interest. Terminal development is a major expenditure that airports face for which there has been little help from the Federal Government. While I understand why safety-related projects receive priority, I have been working for increased support for medium-sized airport development, and am glad that the committee has included a means by which some airports will be able to receive help with the major expense of terminal development.

The committee has also included a requirement that the FAA study long-term airport capacity needs. The FAA will project the volume of air traffic to 2010 and will specify options best suited to accommodating this traffic. I suspect that one option the FAA will find feasible is the increased development of medium-sized airports to handle some of the

traffic that has been causing havoc at the largest airports.

Except for flights between major cities, air travel for most Americans means a change of planes at a hub airport. That system multiplies takeoffs and landings, crowding limited airways even more, adding to passenger delays and eroding the safety margin. Greater use of our medium-sized airports has to be the answer to current air travel problems. One commentator recently called the hub and spoke system a "hub and choke bottleneck." We need to do better, and soon.

I am encouraged by the work that the committee has done with this measure and look forward to additional efforts to improve our national transportation system.

## AMENDMENT OFFERED BY MR. HOWARD

Mr. HOWARD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOWARD: At the end of the bill, add the following new Title:

## TITLE IV

SEC. 401 BUDGETARY TREATMENT OF AIRPORT AND AIRWAY TRUST FUND.

(a) TREATMENT OF TRUST FUND OPERATIONS.—

(1) IN GENERAL.—The receipts and disbursements of the Airport and Airway Trust Fund allocable to the transportation-related operations of such Trust Fund—

(A) shall not be included in the totals of—

(i) the budget of the United States Government as submitted by the President, or

(ii) the congressional budget (including allocations of budget authority and outlays provided therein), and

(B) shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.

(2) TRANSPORTATION-RELATED OPERATIONS DEFINED.—For purposes of paragraph (1), the receipts and disbursements allocable to the transportation-related operations of the Airport and Airway Trust Fund are the disbursements, and the receipts allocable to such disbursements, under paragraph (1) of section 9502(d) of the Internal Revenue Code of 1986 (relating to expenditures from the Airport and Airway Trust Fund for the airport and airway program).

(b) ADJUSTMENTS OF AUTHORIZATIONS AND APPROPRIATIONS OUT OF TRUST FUND.—The Airport and Airway Improvement Act of 1982 is amended by adding at the end the following new section:

"SEC. 533. ADJUSTMENTS OF AUTHORIZATIONS AND APPROPRIATIONS.

"(a) ESTIMATES OF UNFUNDED AVIATION AUTHORIZATIONS AND NET AVIATION RECEIPTS.—Not later than March 31 of each year, the Secretary of Transportation, in consultation with the Secretary of the Treasury, shall estimate—

"(1) the amount which would (but for this section) be the unfunded aviation authorizations at the close of the next fiscal year, and

"(2) the net aviation receipts for the 24-month period beginning at the close of such fiscal year.

"(b) PROCEDURE WHERE THERE IS EXCESS UNFUNDED AVIATION AUTHORIZATIONS.—If the Secretary of Transportation determines for any fiscal year that the amount described in subsection (a)(1) exceeds the amount described in subsection (a)(2), the

Secretary shall determine the amount of such excess.

**"(C) ADJUSTMENT OF AUTHORIZATIONS WHERE UNFUNDED AUTHORIZATIONS EXCEED 2 YEARS RECEIPTS.—**

**"(1) DETERMINATION OF PERCENTAGE.—**If the Secretary of Transportation determines that there is an excess referred to in subsection (b), the Secretary of Transportation shall determine the percentage which—

**"(A)** such excess, is of

**"(B)** the total of the amounts authorized to be appropriated and the amounts available for obligation from the Airport and Airway Trust Fund for the next fiscal year.

**"(2) ADJUSTMENT OF AUTHORIZATIONS.—**If the Secretary of Transportation determines a percentage under paragraph (1), each amount authorized to be appropriated or available for obligation from the Airport and Airway Trust Fund for the next fiscal year shall be reduced by such percentage.

**"(d) AVAILABILITY OF AMOUNTS PREVIOUSLY WITHHELD.—**If, after an adjustment has been made under subsection (c)(2), the Secretary of Transportation determines that the amount described in subsection (a)(1) does not exceed the amount described in subsection (a)(2) or that the excess referred to in subsection (b) is less than the amount previously determined, each amount authorized to be appropriated or available for obligation that was reduced under subsection (c)(2) shall be increased, by an equal percentage, to the extent the Secretary of Transportation determines that it may be so increased without causing the amount described in subsection (a)(1) to exceed the amount described in subsection (a)(2) (but not by more than the amount of the reduction). The Secretary of Transportation shall apportion amounts made available for apportionment by reason of the preceding sentence. Any funds apportioned pursuant to the preceding sentence shall remain available for the period for which they would be available if such apportionment took effect with the fiscal year in which they are apportioned pursuant to the preceding sentence.

**"(e) DEFINITIONS.—**For purposes of this section—

**"(1) UNFUNDED AVIATION AUTHORIZATIONS.—**The term 'unfunded aviation authorizations' means, at any time, the excesses (if any) of—

**"(A)** the total amount authorized to be appropriated or available for obligation from the Airport and Airway Trust Fund which has not been appropriated or obligated, over

**"(B)** the amount available in the Airport and Airway Trust Fund at such time to make such appropriation or to liquidate such obligations (after all other unliquidated obligations at such time which are payable from the Airport and Airway Trust Fund have been liquidated).

**"(2) NET AVIATION RECEIPTS.—**The term 'net aviation receipts' means, with respect to any period, the excess of—

**"(A)** the receipts (including interest) of the Airport and Airway Trust Fund during such period, over

**"(B)** the amounts to be transferred during such period from such Fund under section 9502(d) of the Internal Revenue Code of 1986 (other than paragraph (1) thereof).

**"(f) REPORTS.—**Any estimate under subsection (a) and any determination under subsection (b), (c), or (d) shall be reported by the Secretary of Transportation to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, the Committee on

Public Works and Transportation of the House of Representatives, and the Committee on Commerce, Science, and Transportation of the Senate."

**(C) CONFORMING AMENDMENTS AND LIMITATIONS TO THE BUDGET PROCESS.—**

**(1) EXEMPTION FROM SEQUESTRATION ORDER.—**Section 255(g)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905; 99 Stat. 1083) is amended by inserting after the 1st undesignated paragraph (relating to activities resulting from private donations) the following new undesignated paragraph:

"Airport and Airway Trust Fund (69-8106-0-7-402; 69-8107-0-7-402; 69-8108-0-7-402; 69-8104-0-7-402);"

**(2) TREATMENT OF TRUST FUND RECEIPTS FOR DEFICIT CALCULATION PURPOSES.—**Section 3(6) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the second sentence the following new sentence: "In calculating the deficit for purposes of comparison with the maximum deficit amount under the Balanced Budget and Emergency Deficit Control Act of 1985 and in calculating the excess deficit for purposes of sections 251 and 252 of such Act of 1985 for any fiscal year, the receipts of the Airport and Airway Trust Fund allocable to the transportation-related operations of such Trust Fund for such fiscal year shall be included in total revenues for such fiscal year, and the disbursements allocable to the transportation-related operations of such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year. For purposes of the preceding sentence, the receipts and disbursements allocable to the transportation-related operations of such Trust Fund are the disbursement, and the receipts allocable to such disbursements, under paragraph (1) of section 9502(d) of the Internal Revenue Code of 1986 (relating to expenditures from the Airport and Airway Trust Fund for the airport and airway program)."

**(3) LIMITATIONS ON CONGRESSIONAL BUDGET PROCESS.—**Section 310 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new subsection:

**(h) LIMITATION ON CHANGES TO THE AIRPORT AND AIRWAY TRUST FUND.—**Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider—

**"(1)** any concurrent resolution on the budget for any fiscal year, or any amendment thereto or conference report thereon, that assumes or contains in the aggregate totals or functional categories provided for by section 301(a) any amount of budget authority or budget outlays from the Airport and Airway Trust Fund,

**"(2)** any concurrent resolution on the budget for any fiscal year, or any amendment thereto or conference report thereon, that contains reconciliation instructions with respect to the Airport and Airway Trust Fund, or

**"(3)** any reconciliation bill or reconciliation resolution reported pursuant to a concurrent resolution on the budget agreed to under section 301 or 304, or a resolution pursuant to section 254(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, or any amendment thereto or conference report thereon, that contains recommendations with respect to the Airport and Airway Trust Fund."

**(4) CONFORMING ENFORCEMENT PROCEDURES.—**Sections 301(c), 302(f), 303(a), 311(a), and 402 of the Congressional Budget

and Impoundment Control Act of 1974 shall not apply to any bill, resolution, or amendment (including a conference report thereon) which provides budget authority, contract authority, or budget outlays from the Airport and Airway Trust Fund.

**(d) APPLICABILITY.—**Subsections (a), (b), and (c) and the amendments made by such subsections shall apply to fiscal years beginning after September 30, 1987.

Conform the table of contents of the bill accordingly.

Mr. HOWARD [during the reading]. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. Under the rule, the gentleman from New Jersey [Mr. HOWARD] will be recognized for 30 minutes and the gentleman from South Carolina [Mr. DERRICK] will be recognized for 30 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, the American people pay taxes to maintain our roads and our bridges and our airports. They do so every time they buy a gallon of gas or an airline ticket.

Congress has promised the taxpayers of our country that this money would be used solely for those purposes. Thus, Congress takes the taxes so collected and places them into trust funds. These funds can be used by law only for the purposes for which the tax was collected.

Mr. Chairman, I stand today supporting the amendment offered by the gentleman from New Jersey [Mr. HOWARD] to move the aviation trust fund off the unified Federal budget. I do so because by leaving it on that budget it will be left there at the mercy of Gramm-Rudman manipulation.

The American people pay a tax. They do not like it, but they pay that tax. Congress has made political commitments that that money would be used for those purposes. So I think it is time today that Congress honors that commitment.

The American people have paid the tab, and too often we forget that around here. Every trust fund we have should be moved off that unified Federal budget, and I think we start here today.

I am asking every Member to look at this very carefully, to vote today and send a message that we will take this trust fund off the budget, and we will do that in the future with our highway trust fund and every trust fund that we have.

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 2 minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO. Mr. Chairman, I think this debate has been trivialized if we think it is simply a clash between committees. It is not just the Public Works and Transportation Committee versus the Appropriations Committee or the Budget Committee or anything else. That might have been the case a few years ago before Gramm-Rudman came along, but now it is a different situation.

We are talking about an imminent sequestration that all of us know may well be coming down the pike because this President seems to think that it is impossible to increase taxes during his term in office. What we are doing here today, therefore, is voting on whether or not we are going to take \$1.5 billion more in cuts in programs across the board. It is all well and good, and we all like to pour concrete, and we hate this fight. It is all well and good to tell people outside here who are in the building trades or some other element of the airline industry that we are going to do what is right for them given the problems that our airlines and our airports have these days. But what about the other people who really are part and parcel of this debate who are not here? What about those who care about AIDS research, or programs for children or toxic waste cleanup or all of the other things that we have cutting back reluctantly and will be cutting back across the board in this meat ax approach that Gramm-Rudman brings? Those people have to be part of this debate too.

So I have one message that I really want to give my colleagues today, and that is that this is our first test in the aftermath of the adoption of the fix of Gramm-Rudman. If my colleagues really are serious about making across-the-board cuts, if they really do not think we can be selective, then we begin the process today if we exempt this trust fund of making it difficult for everybody else.

There are some 100 other trust funds that could follow this precedent. That is 20 percent of our budget. Are we going to take that off budget? I hope we will think of all of the other people who are part of this debate and vote down this amendment.

Mr. HOWARD. Mr. Chairman, I yield 3 minutes to the gentleman from Arkansas [Mr. HAMMERSCHMIDT], the ranking member of the full Committee on Public Works and Transportation.

□ 1500

Mr. HAMMERSCHMIDT. Mr. Chairman, I rise in very strong support for this amendment to take the aviation trust fund off-budget. This action would have far-reaching implications for our Nation's airport and

airway system. Growing concern over the system's deterioration demands that we act without any further delay. We simply cannot continue with business as usual where our Federal aviation program is concerned.

The current airport chaos, flight delays, and uncertainty about safety in the skies are really unnecessary. We have a trust fund already in place that was created specifically to address these concerns.

Unfortunately, this deficit-free, self-supporting trust fund is not being used fully because the practice to this point has been to use the fund's surplus to make the Federal deficit look smaller than it is in fact.

The current policy completely ignores the fact that the traveling public has paid for a great deal of air safety they are not getting. Safety—that is what this issue is all about.

People in and out of the Halls of Congress are beginning to wonder why air travel is becoming such a hassle and a hazard when the airport and airway trust fund is running a balance of almost \$5.7 billion—money that could go a long way toward addressing many of the problems that exist today.

Those of us who support this amendment want to see that money used. That is why we want to remove the airport and airway trust fund from the constraints of the Unified Budget, Gramm-Rudman, and sequestration. Until we do this, the growing balances in the trust fund will continue to be held hostage to the problem of general fund deficits.

Some may tell you that we are spending all we can on aviation improvements. But this is not true. Billions of dollars worth of airport improvements have been identified. Yet over the past 5 years actual funding for airport improvements has fallen \$459 million below authorized levels. If the trust fund remains on-budget, this underfunding can be expected to continue while congestion and delays will get worse and surplus will continue to grow.

It is time to restore trust to the trust fund and put those trust fund dollars to work for an air system that badly needs some work. When we do this—when we stop breaking faith with air travelers and stop insulting the integrity of the budget process—then we can begin to put an end to the delays, the chaos, and the safety risks that are making our skies a lot less friendly than we would like them to be.

Therefore, if you want to do something to improve service, reduce delays, and enhance safety, I urge you to support this amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. DERRICK. Mr. Chairman, I yield 3 minutes to the gentleman from

Florida [Mr. MacKAY], for purposes of debate only.

Mr. MacKAY. Mr. Chairman, I have been part of a bipartisan group for the past 3 years that has been trying to enforce the budget act. I am looking on both sides of the aisle now because there are Members on both sides who have been supportive of this. Most recently this group attempted to bring about credit reform. We found ourselves fighting the Appropriations Committee. In fact, we have found ourselves fighting the Appropriations Committee on a number of occasions. I have the feeling now and it is a fairly sad feeling that we are seriously considering moving in the wrong direction.

And for those of us who are not members of Public Works and who are not familiar with airport matters, I hope you will look at this very closely as a question of budget policy. This is a step in the wrong direction. The Committee on Appropriations is right on this. Fiscal policy should be looked at as a whole. It does not make sense to have part of it on-budget and part of it off-budget. If we are going to continue this battle for budget reform and for serious fiscal policy in both parties, then we have got to see this issue in terms of whether it helps or hurts or strengthens the budget process and strengthen fiscal policy.

And I can tell you this would be a major step in the wrong direction. I hope those 80 percent of this House who are not on either of those committees, who have not fought this issue out in the trenches, will take a look at the implications of this in terms of the big picture.

I strongly oppose this amendment and I urge those who care about fiscal policy to stay with the Appropriations Committee.

Mr. Chairman, I yield back the balance of my time.

Mr. HOWARD. Mr. Chairman, I yield 1 minute to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, this bill authorizes \$28 billion over 5 years to keep our skies safe. That is double what we authorized over the past 5 years. This money really does not go for concrete; the money goes for safety. Yes, we have a crisis in the budget but we also have a crisis in our skies. The issue is will we spend the money that our constituents pay every time they fly to keep the skies safe, to modernize the system and to prevent midair collisions? I believe that adopting the Howard amendment will move us in that direction.

In my view, this is an amendment on air safety and I hope my colleagues will support the Howard amendment.

Mr. DERRICK. Mr. Chairman, I yield 3 minutes to the distinguished chairman of the Committee on Ways

and Means, the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. ROSTENKOWSKI. Mr. Chairman, I would like to state my strong opposition to this amendment which removes the airport and airway trust fund from the unified budget and sequestration under Gramm-Rudman.

It is important that the Congress and the administration have the opportunity to consider all expenditures and receipts of the Federal Government in determining the budget policy, including those related to this trust fund. Off-budget activities of the Federal Government do not receive the same level of budget review as on-budget activities.

This amendment exempts the trust fund from sequestration under Gramm-Rudman. Only 60 percent of the Federal Aviation Administration budget currently is derived from the airport trust fund—the remainder is financed out of general funds. Removing the trust fund from the budget and Gramm-Rudman sequestration means the remaining 40 percent of the FAA budget must take additional cuts. That 40 percent covers the spending most directly related to safety: Salaries for controllers, inspectors, and equipment maintenance personnel.

In the event of sequestration, an exemption of these funds would also increase the hit on other nondefense programs such as Head Start, social services block grant, and drug and law enforcement activities.

It would also establish a precedent for taking other programs off-budget such as the highway trust fund and exempting more programs from sequestration. On Tuesday of this week, the President signed into law a revitalized Gramm-Rudman law. We should not take any steps today to further amend Gramm-Rudman and undercut the political pressure needed to achieve \$23 billion of deficit reduction instead of sequestration.

The simple fact is that taking the airport trust fund off-budget will increase the budget deficit by \$1.8 billion in fiscal year 1988, \$6.4 billion over the next 3 fiscal years.

However, removing these funds from the budget will not necessarily increase spending from them. Expenditures from the funds will still be subject to the appropriations process.

In addition to all my previous points, I believe the Committee on Ways and Means' tax title is designed to solve the "surplus" problem since airway taxes will automatically be lowered if the trust fund balance exceeds \$2 billion and funds in the trust fund are not spent.

I urge all of my colleagues to reject the amendment.

Mr. HOWARD. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. Mr. Chairman, it is time for truth in taxing. I want to give what might appear to be a convoluted theory here and I know I am at risk in doing so, but I will do it anyway.

The theory is that the American people do not mind paying taxes if they are convinced—and that is an important if—if they are convinced that the revenue raised is being used prudently for a worthy purpose.

The American traveling public pays 8-percent tax on all airline tickets. That money goes into a fund which is accumulating at a \$3.1 billion rate per year. It is dedicated, it cannot be used to house anybody or to feed anybody or for any other purpose. It can only be used for its intended purpose, to make our Nation's air system safer and more efficient.

What more can we ask for at this time in our history?

We are hearing daily from all our constituents.

Let us do it. It is time for truth in taxing.

I urge adoption of the Howard amendment.

Mr. DERRICK. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. COUGHLIN].

Mr. COUGHLIN. Mr. Chairman, I rise in strong opposition to this amendment. Let me just make three very important points. First is technical problems; it is technical problems, not funding, that is holding up the modernization program of the FAA.

Let me quote from our hearings. The distinguished chairman of our subcommittee, the gentleman from Florida [Mr. LEHMAN], asked the representatives of the General Accounting Office: "Your recent report on the NAS plan indicates that there have been considerable slippages in all of the major systems. What, in your view, are the major reasons for these delays and has the lack of funding been a cause for these delays? My interpretation of your remark was that lack of funding was not the cause."

The GAO through Mr. McCURE stated, "That is correct." At a hearing about a month ago FAA agreed with us. There has been no particular instance they can point to where funding has been the major problem that has caused delay.

In program after program, GAO stated the reasons for delay: technical problems, contract delays, slippage problems, not lack of funding.

To take the trust fund off budget will not solve the problems because they are technical problems.

Second, it is community opposition, not lack of funding that is holding up airport construction. We cannot build airports. We cannot get communities to agree to have airports. We have environmental problems; we have congestion; we have noise.

Taking the trust fund off budget will not build more airports.

Third, taking the trust fund off budget will hurt, not help, air safety. If you have a sequestration and you have this off budget, you will be cutting funding for air traffic controllers and for inspectors. Let us make it very clear: The major funding for the operations of the FAA come not from the trust fund but from the General Treasury.

If you force sequestration in that area or have budgetary considerations that cause cuts in that area, you will be hurting air safety.

Taking the trust fund off budget will not help the airlines meet their schedules, it will not help you get your baggage, it will not spend the funds more quickly.

What taking the trust fund off budget will do is to hurt air safety.

Mr. HOWARD. Mr. Chairman, I yield 1 minute to a member of our committee, the gentleman from Minnesota [Mr. OBERSTAR].

Mr. OBERSTAR. Mr. Chairman, why did Congress tax airline passengers, establish a trust fund and then somewhere along the line later on decide not to use that money?

If we do not take the aviation trust fund off budget that is what we will be doing, breaking faith with airline travelers. People of this country agreed to be taxed when they get on board an airplane everytime they buy a ticket, for the specific purpose of making their travel safe and efficient and dependable.

That is the purpose of the aviation trust fund. If you do not use the money you have broken faith with the taxpayers and with the law that we passed to set the tax up in the first place and establish the trust fund to assure the continuity of funding. If the argument prevails that sequestration will be shoved off onto other functions of the budget because we have taken the aviation trust fund off budget, then why is not the Social Security trust fund subject to sequestration? Why are not a number of other trust funds subject to sequestration? Because we removed some of those from the ambit of sequestration. The argument is empty.

Vote to take the trust fund off budget.

□ 1515

Mr. DERRICK. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. CARR].

Mr. CARR. Mr. Chairman, I would make the point that a vote to take the trust fund off budget is a vote to hurt air traffic safety. The point has already been made, 70 percent of the operations of the FAA come out of the general fund. That is the air traffic controllers, that is all of the flight

service, which my colleagues have been standing up and talking about, and we have people who are complaining in the airframe and powerplant area that they cannot get certification rapidly enough of modern new equipment.

All of that is done by people whose salaries come out of the general fund, not out of the trust fund.

The effect really here is that, if you take this trust fund off budget, you will not allow us to score that as we appropriate more money, and we have increased the FAA operating about 30 percent, we have appropriated \$2.3 billion out of the trust fund that remains down at FAA unobligated.

The problem is not at the appropriation level. The problem is not our uninterest in spending this money to keep faith with the American taxpayers, as the previous speaker has alluded to. The problem is down the street. There are mismanagements, the FAA took on a \$12 billion modernization plan that they were ill-equipped to take on. They have missed every deadline, every target.

The General Accounting Office points out that they are behind in 11 out of 11 programs.

So we have still appropriated money faster than they have been able to spend it. What this all really amounts to is that we are all angry at lost bags, we are all angry at misconnections, we are all terrified of airline crashes, but instead of getting on with fixing the problem, we want to go kick the dog. It is somewhat like being mad at your spouse and wanting to go kick the dog.

In this case the dog is the Appropriations Committee that has to deliver the bad news that a vote for the Howard amendment is a vote to cut air traffic controller salaries, inspector salaries, and positions, and maintenance. These are the things that are day-to-day safety in this aviation environment.

I say to my colleagues please do not vote to make the skies less safe than they are already.

Mr. HOWARD. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. CLINGER].

Mr. CLINGER. Mr. Chairman, we are going to probably hear about two letters during this debate, one from the Department of Transportation, one from the Office of Management and Budget, perpetrating the myth that taking these trust funds off budget will increase the deficit, and will do some violence, grievous violence to the unified budget and therefore should be rejected.

We ought to find out which position these two departments basically are taking. In the case of the Department of Transportation, they object to this at the same time the Secretary has been going around the country attacking us in the Congress for failing to

spend the surplus in the trust fund. So there is a real inconsistency here.

In the second place, with regard to the Director of OMB, Mr. James C. Miller's objection, earlier this year in a hearing before the Subcommittee on Investigations and Oversight in response to questions from our colleague, the gentleman from Georgia [Mr. GINGRICH], Mr. Miller took exactly the opposite position with respect to the trust fund. He was asked by the gentleman from Georgia [Mr. GINGRICH]:

First of all it does not matter if the trust fund is off budget or on budget?

Mr. Miller. "Yes."

The gentleman from Georgia [Mr. GINGRICH] said:

I better write that down because I want to come back to that. I want to know, is that a correct quote?

Mr. Miller. "Right."

Further on, the gentleman from Georgia [Mr. GINGRICH] said:

Before you go on and complicate it on technicalities, are you going to withdraw your previous statement that it does not matter about the trust fund?

Mr. Miller's answer:

No, I was saying it does not matter with respect to the deficit. It would not have mattered whether the airport and airways trust funds were on budget or off budget.

So here we have two positions totally contradictory with what we are hearing today.

Mr. Chairman, the argument that taking it off budget is going to do damage to the orderly budget process is nonsense. In this case, our budget process is a shambles already. Today is the first day of the fiscal year, and we have yet to appropriate any money for any purpose.

Mr. Chairman, I urge an "aye" vote for the Howard amendment.

Mr. DERRICK. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BROOKS], the distinguished chairman of the Committee on Government Operations.

Mr. BROOKS. Mr. Chairman, I rise in strong opposition to this amendment that proposes to remove the airport and airway trust fund from the budget and Gramm-Rudman sequestration processes.

The Committee on Government Operations has jurisdiction over the Budget and Accounting Act as well as parts of the Congressional Budget Act. In chairing this committee it has become very clear that fragmenting the Federal budget process by removing accounts from the budget will make even more difficult the already arduous task of gaining some control over Federal budget issues. Removing the airport trust fund from the budget process would be a major defeat for the effort to bring all accounts into the process so that the President and the Congress will have more control over the entire Federal budget.

In addition, exempting the airport trust fund from the Gramm-Rudman sequestration will have significant budget impacts. Exempting this program from sequestration will increase the cuts experienced by all remaining sequestrable programs in the event a sequester occurs.

While proponents of this amendment argue that the dollar impact of removing the airport trust fund from the sequestration process will be minute, to do so will set a very dangerous precedent for similar trust funds. According to the General Accounting Office, there are over 100 other similarly situated trust funds which account for close to 20 percent of on-budget outlays. Should these funds be granted the same treatment as is proposed for the airport trust fund, the impact on other sequestrable programs as well as the budget process could be enormous.

In closing, I would like to remind you that just a few days ago we approved the work of the conference on the debt limit bill. A major part of this conference involved budget reform issues. After much discussion, it was agreed that matters of budget reform would be pursued but with great care so as to not create more problems than they purportedly solved. In the aftermath of this carefully crafted agreement on budget reform, it would be a travesty to approve this amendment as our first act of reforming the Federal budget process.

Mr. Chairman, I yield back the balance of my time.

Mr. HOWARD. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BOSCO], a member of the committee.

Mr. BOSCO. Mr. Chairman, one of the amusing things about the Congress is that we never agree on the facts. One can only imagine that if we could agree on the facts, what arguments we would still have on the politics, but we never even agree on the facts. There are a few facts though that I would want to state today that are uncontroverted.

One is that we have heard that there are over 100 trust funds, and that this is the same as all of them. That is not true. There are three trust funds that are completely separate and apart from the general fund that receive no general fund revenues, and this is one of them.

Second, the second fact is our airports in this country are a shambles. I would like to have the name of any Member of Congress that would argue with that, and in just a few minutes we are going to those airports, and I ask my colleagues to take a close look around and see if there is any debate concerning that statement.

Third, in 1970 we made a promise with the American people. We said

that we will repair those airports, we will get the equipment we need, we will build the runways, we will set up a completely separate fund not of the general fund, but a separate fund. We said to them, give us your tax money for that fund and we will spend it.

Now our colleagues are here saying, what about education, what about defense, what about AIDS?

Mr. Chairman, we have not set up trust funds for those items. In fact, I would like to posit this thought with you. What if we did set up a trust fund, for instance, to eliminate AIDS and we know how dearly every one of us would want to do that. What if we set, for instance, a very small surcharge on pharmaceuticals that every time someone bought a bottle of aspirin or drugs, that that money would go into a special trust fund for research on AIDS? It might actually be a good idea, it might help solve the problem, but what if we did not spend that money in research on AIDS? I wonder if my colleagues can imagine the outrage there would be in this country.

That is exactly what we are doing with the airport trust fund, and I say today let us pass this amendment and get on with building our country's airports.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, I rise to oppose this amendment. Under the Gramm-Rudman-Hollings budget process we are forced to face up to some tough budget choices because if we fail to do that, we are faced with automatic cuts across the board. That should result in both Congress and the President getting their heads together in order to avoid those automatic cuts by coming up with some kind of a budget compromise that will help us to reduce this deficit.

Unfortunately, Gramm-Rudman-Hollings already exempts too much from that process. We do not need to exempt more. Spreading the pain around to as many programs as possible is the best way to assure that all of us get into the act in terms of working out a deal with the administration that will avoid the automatic cutting process.

It will force us to set priorities, to pick and choose, and to work out a compromise. This is not an aviation or safety issue, it is a budget issue.

Mr. Chairman, I urge rejection of the amendment.

Mr. HOWARD. Mr. Chairman, I yield 1½ minutes to the gentleman from Nebraska [Mr. DAUB], a member of the Committee on Ways and Means.

Mr. DAUB. Mr. Chairman, I applaud the esteemed chairman of the Committee on Public Works and Transportation for taking this initiative to remove the airport and airways trust fund from the Federal budget. In re-

moving the trust fund from the budget, a victory with respect to making sense of the budget process will be achieved. For once, taxes collected from aviation users for the purposes of updating and improving airports will be reserved for that use.

The revenue title contained within title II of this bill ensures that those excise taxes that finance the trust fund will be spent on the air safety programs. By adding a trigger mechanism to encourage expenditures on these programs, the mission of the trust fund is properly recognized.

I authored the trigger tax mechanism in the Committee on Ways and Means. That was not authored to suggest that the trust fund, therefore, should be retained within the unified budget. Truth in budgeting requires us in addition to the support of the trigger tax, to put this trust fund off budget.

Mr. Chairman, there is no assurance from here to conference that we will maintain the ability to utilize that trigger tax to force the spending of the passenger tax, the fuel aviation tax, the cargo tax, all to be spent as they should. Let us unmask the improper spending in the general sections of our revenue effort around here and let us put the trust fund off line and be assured at the same time that we have a trigger tax to force that spending.

Mr. HOWARD. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. ROWLAND], a member of the committee.

Mr. ROWLAND of Georgia. Mr. Chairman, I think it is important for Members of this House to understand how this trust fund is used and how it works. I think that that is very important. The money comes into this trust fund comes from dedicated revenues. That money comes from aviation and it is only to be used for airports and airways.

However, that is not what happens.

There is a surplus now in that fund, and under the law government securities have to be purchased with that surplus. Over \$5 billion at this point has been spent in that fashion. The money from that goes into the general fund, and then it can be used anywhere. It can be used for AIDS, it can be used for welfare, it can be used for education. That is what Members are saying. Actually it is only a paper exchange, but if it is a real exchange, remember this, that that money has to be used from the general fund to repurchase those securities. So you are really nowhere. You have not gained anything at all.

This is a cockeyed way to try to balance this budget. People are scurrying around all over the place to try to find money to balance the budget under our present budgetary constraints. That is not the way to do it. It is

sleight of hand, legerdemain, and it is just fooling everyone.

□ 1530

Mr. Chairman, that is not the way to do it. We need to balance this budget by being realistic.

I urge support of this amendment. Let us get that trust fund out of the unified budget.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong opposition to this amendment, which would remove the airport and airway trust fund from the unified budget.

In my opinion, this amendment is simply a bad idea.

First, taking the trust fund off-budget would hinder congressional oversight of a major Federal program. Since these transportation programs are authorized on a multiyear basis, Congress would not be required to review these programs for as long as 5 years.

I believe, as many of our constituents do, that annual controls are necessary for Congress to review Government spending and set priorities.

Second, taking the aviation trust fund off-budget would increase the congressional budget deficit in fiscal year 1988 by \$1.5 billion, assuming enactment of House-passed transportation appropriations.

If automatic reductions are triggered under the Gramm-Rudman law, exempting aviation programs from Gramm-Rudman would require other programs, such as education, health care, and agriculture, to take additional automatic reductions in fiscal year 1988—or would require an increase in taxes of the same amount.

In fact, trust funds already receive favored status under Gramm-Rudman. When an automatic cut is made in general-funded programs, that spending authority is permanently cancelled; when an automatic cut is made in trust fund accounts, spending is merely deferred. The unspent revenues remain in the fund to be spent in future years, and the funds earn interest until they are spent.

Third, increased spending will not improve airline service as long as airlines schedule more flights per hour than airports can handle. The problems facing today's consumers who fly—lost bags, cancellations and late flights, and overbookings—won't be solved by more Federal spending, but by better airline management.

I urge a vote against this amendment.

Mr. HOWARD. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia [Mr. GINGRICH], the ranking

member of the Subcommittee on Aviation.

Mr. GINGRICH. Mr. Chairman, I thank the gentleman for yielding me this time.

I was fascinated earlier when one of the Members said, and I quote, "Spreading the pain around requires that we keep the trust fund on budget."

Let me suggest, first of all, to all of the Members that when the Members leave here this afternoon, and you encounter the first pain of the delays, the confusion getting home, the absence of the computers due to breakdowns at National, as you leave but do not leave, and you sit for an hour waiting for the computer to go back up, that the pain will have been spread.

Do we really seriously want to make a fiscal bookkeeping argument that in order to spread fiscal pain, we are going to run safety risks, maximize delays, avoid buying new computers, minimize new radars and not do the things necessary for safety, necessary for a well-developed air transport system?

Is the kind of pain you want to spread the next airplane crash, the next 100,000 people who are trapped? I do not think so, and I think it is irrational to suggest that in order to have good bookkeeping over here, we are not going to spend money over here that was gathered for only one purpose.

The gentleman from the Committee on Appropriations want to have it both ways. On the one hand, they will say to the Members, we are spending every dime we can spend on aviation; on the other hand, but by the way, if we take this off budget, there are a lot of other things over here we are going to have to start cutting. They cannot have it both ways.

The truth is, and if the Members listen to the Committee on Appropriations carefully, they will fess up, and they have not been spending all of the trust fund they could have spent for a safe and well-developed infrastructure, because they have been trying to meet budget requirements by avoiding expenditures which they then use to lower the paper deficit.

Just yesterday in an absolutely mindless bookkeeping fight between the Committee on the Budget of the House and the Budget Committee of the other body, it was decided that the other body cannot count \$240 million as income they had thought they could count.

Just yesterday we were informed that aviation spending by the Senate appropriations will be lower than anticipated because of the overall budget.

I think the choice is simple. If the Members want to continue the delays, vote no. If the Members want to run the safety risks, vote no.

If the Members want to take tax money away for the purpose of a trust fund but not use it for that purpose, and instead over here use it to cover up the deficit, vote no; but if the Members want to spend the money honestly for the purpose for which it was raised, if the Members want to buy the new computers, new radars, and build the new airports, then the Members have to vote yes, because this is the key decisive vote.

Mr. DERRICK. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Chairman, I thank the gentleman for yielding me this time.

All I can say in response to the last speech is malarkey.

Yes, air service is a mess. Some people suggest that the way to deal with that mess is to take the FAA off budget. Why? Because, it is a trust fund.

That argument would be valid if the trust fund paid for all of the costs of air service in this country, but it does not.

The fact is that 40 percent of the cost of air service in this country, 40 percent of the FAA budget, is not paid for out of that trust fund.

It is paid for by the general taxpayer out of general fund revenues, so I have a suggestion to people who are in support of the Howard amendment.

If you really want to level with the taxpayer, do not support the Howard amendment. If you really want to level with the taxpayer, bring in an amendment to require that all of the costs of FAA be paid for out of that trust fund. Then your amendment is an honest one. Then your amendment is correct on policy, and then I will vote for it, but not until, because unless you do that, you are peddling a half-truth on this floor, and a half-truth to the taxpayer, and unless you do that, what you are really doing is setting a lousy budget precedent, because you are giving an excuse to other Members to come onto this floor and say, take off from out of Gramm-Rudman AIDS, take off from out of Gramm-Rudman whatever is your pleasure.

The Members cannot vote for Gramm-Rudman one week and then pass this amendment the next without walking both sides of the street.

If the Members want to correct air service, I would suggest to the Members that it is a dumb way to do it, to pass this amendment, because what the Members are doing is then requiring further cuts in the general fund which pays for air traffic controllers, and which pays for air safety inspectors. That is not safety, that is stupid.

Mr. HOWARD. Mr. Chairman, I yield 1 minute to the gentleman from Oklahoma [Mr. INHOFE].

Mr. INHOFE. Mr. Chairman, I thank the gentleman for yielding me this time.

I want to bring two perspectives to this debate. One is characteristic perhaps of the perspective that I have, and other Members have not had who have spoken, being a commercial pilot, and a pilot for well over 30 years, and also being a freshman.

Insofar as being a pilot is concerned, I recognize firsthand peddling around up there in those obscure clouds, that we are now operating with over 200 million more people that are now flying since deregulation in 1978 with fewer controllers.

I have been up there in this general area talking to a controller, having him handle me between the airplanes with some 20 and 25 other planes that one individual is handling.

These are very qualified, competent individuals; but they cannot handle a system where they are supposed to double the number of people they are handling and yet with fewer controllers.

Their dedication can only go so far.

Second, the fact that that money is coming from those individuals who are paying for that expanded airspace makes it immoral not to spend it, and to spend it as soon as possible.

Third, being a freshman, I know whatever we have been doing has not worked. Let us try something else.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Chairman, I thank the gentleman for yielding me this time.

I rise in opposition to this amendment. First of all, let me say that there has been a discussion on one side that one side is for air traffic safety, and that the other side is not, and the opposite argument has been made. That is not true obviously.

The proponents of this amendment are for air traffic safety, and the opponents of this amendment are for air traffic safety. However, those Members who have spoken to the fiscal planning of this institution and how we ought to manage the money, and what in fact in terms of a macroeconomic impact on the budget and expenditures on the deficit, and the reason presumably that OMB and others in the administration are opposed to this amendment are valid, in my opinion, so it is not a question of traffic safety or commitment of this body or individual Members to safety.

It is how we ought to plan our expenditures. It is what pressures we will place on alternative expenditures if this amendment passes; and for those reasons, I would hope that we would defeat this amendment.

Mr. HOWARD. Mr. Chairman, I yield 3 minutes to the gentleman from

California [Mr. MINETA], the chairman of our Subcommittee on Aviation.

Mr. MINETA. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of the amendment.

Taking the trust fund off-budget is one of the most important steps we can take toward improving the safety and efficiency of our Air Transportation System. At the same time, taking the trust fund off-budget will not add to the basic budget deficit and will not interfere with the jurisdiction of other committees.

Over the past 5 years, more than \$2 billion of trust fund money which was authorized for needed airport and airway improvement was not appropriated. The amounts not appropriated include \$460 million for airport development and \$1.6 billion for facilities and equipment, the program under which FAA plans to modernize the Air Traffic Control System and replace the antiquated vacuum tube technology with up-to-date computers and radars. The failure to appropriate funds for capital development also resulted in a shortfall of more than \$3 billion of authorized spending from the trust fund for FAA operations.

It has been suggested that the failure to appropriate capital development funds was due to the fact that FAA could not spend them even if they were appropriated. I strongly disagree. There was no excuse for not spending \$460 million for airport development. There are always a large number of airport development projects ready to go forward and these projects do not depend on any technological innovations.

I further believe that most of the \$1.6 billion shortfall in facilities and equipment spending was due to budgetary pressures rather than technical problems. A good example is the Terminal Doppler Radar Program. In the fiscal year 1988 budget, the FAA proposed making a contract award in fiscal 1988, but because of budget pressures the House Appropriations Committee cut \$120 million from the program, deferring the contract awards until fiscal year 1989 at the earliest.

A similar delay because of budgetary pressures took place in 1985 when the Office of Management and Budget ordered a stop in the Terminal Doppler Radar Program for a study of whether off-the-shelf technology could meet the objectives of the program. The study concluded to no one's surprise that off-the-shelf technology was not sufficient. In my opinion, the study was conducted simply to delay the program and save some money in the budget. We find similar delays in other FAA programs.

Inclusion of the trust fund in the budget gives strong incentives to delay programs and reduce spending. When

the trust fund operates at a surplus in a given year, that surplus reduces the deficit in the general budget. The opportunity to use the trust fund to reduce the overall deficit creates strong and enticing incentives to spend less than is authorized or needed. Taking the trust fund out of the budget will remove the incentives.

In reality the trust fund is not a part of our deficit problem since the trust fund is fully supported by taxes paid by aviation users. The money in the trust fund cannot be spent for other purposes, so in reality building a surplus in the trust fund does not help reduce the deficit in the rest of the budget.

Finally, Mr. Chairman, I would point out that the off-budget amendment would not limit the jurisdiction of the Appropriations Committee. The Appropriations Committee would still oversee the FAA's Facilities and Equipment Program and annual appropriations would still be required for this program. The Appropriations Committee would still have the authority to impose obligation ceilings on the Airport Improvement Program. The only change which taking the trust fund off-budget would make, would be to remove the incentive to spend less than airline passengers are contributing to reduce the deficit in the rest of the budget.

Mr. Chairman, I believe that the amendment now before us is the single most important step we can take to improve airline service and ensure the safety of air transportation. I urge support of this amendment.

Mr. DERRICK. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. GRAY], the distinguished chairman of the Committee on the Budget.

Mr. GRAY of Pennsylvania. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong opposition to this amendment. I know the proponents of this amendment have an argument that sounds very good, particularly when most of the Members in this Chamber fly around the Nation. It sounds good to you out there on television, air safety, particularly when you have heard so much about midair collisions and also about crashes.

Let me tell the Members something. What we are doing here today has nothing to do with any of that. Let us answer some questions factually and get rid of the emotion.

No. 1, why do we have a surplus? A surplus in the trust fund is there because the money has not been spent. Is it because Congress has not appropriated the money? Of course not. In fact, under the House-passed budget resolution and also the House-passed appropriation, there was an increase in funding of 63 percent for airport

construction, 35 percent for improving facilities, 27 percent for operations to hire more controllers, and 9 percent for increased research and engineering activities.

□ 1545

So it is not because Congress is not providing the money. The reason is, and most of us know it, because of the delays over at the other end of Washington where you have got over in the executive branch the inability to deal with the technical delays in modernization.

Second, we have some very interesting quirks in our authorization laws that provide penalties and restrictions. For instance, take the Doppler Radar System. Well, if it is not ready and you do not buy it, you cannot get it out of the trust fund; but then we have a restriction that says you cannot therefore use the trust fund money for operations; so we have a catch-22. So the surplus is there and everybody who says there is a surplus is right.

This Congressman would like to see it spent. Lord knows I would like to see it spent, but it is not because of the fact that it is on-budget or off-budget. That is not the reason.

So when you vote today, do not think you are going to increase spending on safety and control and operations by moving it on- or off-budget. That is not the issue.

Second, we have heard a great hue and cry here about budget and budget pressures, the evil budget. Let me tell you something, I remember so many of the people who used to come down in the well, just the other day, talking about the need for deficit reduction. Now they say, "Don't worry about those things. Don't worry about it." Even though yesterday the President signed a Gramm-Rudman fix.

Well, I cannot help but notice the tremendous inconsistency in what this House did yesterday.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DERRICK. Mr. Speaker, I yield 1 additional minute to the gentleman from Pennsylvania.

Mr. GRAY of Pennsylvania. I cannot help but notice a tremendous inconsistency in what this House did yesterday and the tremendous inconsistency on what happened July 13 this year when many of the same Members came down here and argued for a 2-percent cut across-the-board in transportation which would have eliminated 500 FAA personnel.

Now they are saying air safety, we cannot do anything about that, we have got to move the trust fund over.

I simply say, we know what the real issue here is. It has nothing to do with air safety. It has to do with jurisdiction, folks. America, what you have

got is a fight going here between committees of Congress over jurisdiction.

Second, you have got some good pork in the bill and that makes a lot of folks take sides, based on what goodies they are going to get.

The real issue here is whether or not you believe that the trust fund ought to be on- or off-budget. It has nothing to do with safety.

I would simply urge you all to recognize what the issue is. Take it off. I will just have to find \$1.5 billion somewhere else to reduce in order to meet the goal.

Mr. DERRICK. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Massachusetts [Mr. CONTE] for purposes of debate only.

Mr. CONTE. Mr. Chairman, I rise in strong opposition to this amendment that would take the aviation trust fund off budget and have the effect of exempting certain aviation programs from any possible Gramm-Rudman-Hollings sequester. This amendment will not achieve its advertised purpose, and it would actually damage the safe operation of our air traffic control system.

Mr. Chairman, if anyone voted against the rule on this bill yesterday because they thought this amendment has anything to do with air safety or airline delays and service, they were seriously mistaken. This amendment is not about air safety—it is about special interests, plain and simple. It would take one single group of programs and give them a special priority above every other Federal program except Social Security.

By taking these aviation programs off budget, and exempting them from the kind of across-the-board cuts that Gramm-Rudman-Hollings may eventually require, we are not only penalizing every other Federal program, but most significantly penalizing the general revenue funds used for the actual operation of the air traffic control system. This amendment puts at risk the salaries of controllers, safety inspectors, and other safety-related personnel who may have to be laid off under this Howard amendment.

We are all concerned about the delays in purchasing critical safety equipment for the air traffic control system. But the problems there are technical—according to the General Accounting Office, the radars and computers just are not ready yet. In fact, over \$1 billion in previously appropriated funds are currently sitting in the trust fund because the equipment is not ready. As I said, the problem is technological, not monetary. And this amendment will not get a nickel spent any faster.

We all agree that the trust fund should be spent for its intended purpose, and in fact it is. But the problem of the accumulated trust fund surplus will not be solved by this Howard

amendment. The solution is already in this bill—the trigger in the title reported from the Ways and Means Committee. If the surplus builds up, the tax will be reduced. That is the way to address this problem, not through some accounting gimmick in the Howard amendment.

Mr. Chairman, I do not see how my colleagues can go back home and tell their constituents that they have preserved the aviation trust fund at the expense of national defense, Coast Guard, education, health care, job training, law enforcement, drug interdiction, and even highway safety. How can they go back and explain that this amendment, which will not even improve air safety, is more important than elderly housing, veterans' pensions, and the cleanup of toxic wastes?

Mr. Chairman, as I said yesterday, if this amendment is adopted the President's advisers will recommend a veto of this measure. Given the controversy on this issue, I doubt that the votes are there to override such a veto.

Mr. Chairman, the critical programs in this measure expired at midnight last night. Let's not delay them further. Let's not get bogged down in a fight with the President.

Let's defeat the Howard amendment, adopt the bill, and get on with the improvement of our Nation's airports and airway system.

Mr. Chairman, do I look suicidal? Does anybody on the Appropriations Committee look suicidal? That is what the gentleman from New Jersey [Mr. HOWARD] is implying by saying that we do not want to spend the money in the trust fund. Of course we want to spend the money. We are for air safety, too.

Mr. Chairman, as I said yesterday, the gentleman from New Jersey [Mr. HOWARD] is a great friend of mine. But this is simply a power grab by the Public Works Committee. Defeat the Howard amendment.

Mr. Chairman, I include the following letter from James C. Miller, Director of the Office of Management and Budget:

OFFICE OF MANAGEMENT AND BUDGET,  
Washington, DC, September 28, 1987.

HON. SILVIO O. CONTE,  
House of Representatives, Washington, DC.

DEAR SEN. CONTE: I must advise you in your position as ranking minority member of the Appropriations Committee of the Administration's strong opposition to removing the Airport and Airway Trust Fund from budget totals and statutory budget limitations. Should such legislation be presented to the President, the President's senior advisers would recommend that he veto the bill.

User fee financing of the trust fund does not justify off-budget status. Congress and the President have an obligation to account to the public for the economic consequences of all Government receipts and spending, regardless of their source. Comprehensive budget coverage openly shows the public precisely how much the Government is spending, collecting, and borrowing. It also

helps the Executive and Legislative branches make informed choices regarding public spending.

Removing the aviation trust fund from the unified budget would be unlikely to accomplish significant gains for aviation interests. The unobligated balance in the fund has not accumulated because of a desire to hold back funding for aviation. Rather, the unobligated balance in the trust fund is the consequence of congressional "penalty provisions" in the Airport and Airways Improvement Act of 1982. These provisions have resulted in \$3.2 billion of Federal Aviation Administration (FAA) Operations costs being spent out of general fund revenues, rather than from the trust fund as authorized. The way to reduce the trust fund balance is to eliminate the penalty provisions, not to take the trust fund off-budget.

Further, the Federal deficit is not reduced by the cash balances in the trust fund at the end of the year. The deficit is simply the difference between total spending and receipts in that year, excluding intergovernmental transactions. In fact, Federal outlays for aviation actually contributed to the deficit in the 1982-1987 period, because outlays for aviation programs are projected to exceed user fee receipts by \$10.3 billion.

Continued budgetary control of the trust fund is critical to sound fiscal management. If the fund were specifically exempted from Gramm-Rudman-Hollings requirements and the Congressional Budget Act, trust fund authorizations and appropriations would be enacted without regard for budget resolution or deficit reduction targets. For this to occur, the remaining domestic programs, including that portion of aviation and other transportation programs funded out of the general fund, would be required to bear additional reductions. Not only would this create pressure for more programs to be granted exemptions, but it could cause serious problems in meeting transportation priorities, such as maintaining a fully operational and safe air traffic control system, since Congress has insisted on funding most FAA Operations from the general fund.

In summary, the Administration strongly supports a complete, unified budget subject to statutory budget controls. Given that programs should be user-financed wherever appropriate, self-financed programs are growing in number. They do not deserve special treatment, but, instead, should be included in the overall budget, since only a comprehensive, unified budget defines the entire scope of Government activity and spending, assures effective use of all public resources, and contributes to a single national economic policy.

Priority spending needs can be met without taking the trust fund off-budget. The President proposed a 20 percent increase—\$1 billion—in FAA's budget from 1987 to 1988. These critical spending needs can be met without abandoning budgetary discipline if Congress acts responsibly.

The Administration strongly objects to moving the aviation trust fund off-budget and urges the Congress not to enact any legislation that would do so. If such legislation were passed, the President's senior advisers would recommend that he veto the bill.

Sincerely yours,

JAMES C. MILLER III,  
Director.

#### PARLIAMENTARY INQUIRY

Mr. HOWARD. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOWARD. Mr. Chairman, if the gentleman was stating something about suicide and the Appropriations Committee, that was not in the amendment offered to be voted on, I believe, is that correct?

The CHAIRMAN. The gentleman has not stated a parliamentary inquiry.

Mr. HOWARD. Mr. Chairman, I yield 4 minutes to a member of our committee, the gentleman from Pennsylvania [Mr. SHUSTER].

Mr. SHUSTER. Mr. Chairman, make no mistake about it, the crucial vote is here right now on whether you want to improve the aviation mess facing our country, and indeed it is a mess. There were 417,644 delays last year, not counting mechanical delays; over 1,000 delays, 1,000 flights delayed every day in the skies above our country.

Near misses have increased by 70 percent, 834 near misses last year, more than 2 near misses in the skies above our country every day out of the year.

Complaints: complaints from your constituents have increased by 300 percent.

Now, when your constituents ask you, "Congressman, what are you doing about the mess in aviation?" If you are satisfied with the status quo, if you are satisfied with these delays and the way things are going along, then I suppose you can feel comfortable in saying, "Well, nothing. Things are going to get better. We are proceeding down the same path."

But if you are like many of us and if you feel we have got to do something to improve the situation, now you have that opportunity today to vote for this amendment to free the aviation trust fund for all the reasons which have already been given here, to free the aviation trust fund so you can tell your constituents, "I voted to free up that money so we can address the terrible problems facing us in aviation today."

Two years ago, Mr. Chairman, in August of 1985, a Delta plane crashed in a thunderstorm down at Dallas. One hundred and thirty-three Americans were killed, many of them from Florida where the plane originated. We were told in testimony that that crash, that fatal crash, could have been avoided had Dallas Airport had a doppler radar system.

We asked, "Why didn't they have a doppler radar system?"

And we were told, "Because they didn't have the funds to move the research and development along."

The doppler radar system was not ready; but that is not the worst of it. Get this.

Today, 1987, we are told that the doppler radar system this year is

ready. And do you know, it is still not funded in the appropriations this year. Why is it not funded? Because the money is not there.

The answer is to free the aviation trust fund, to stop playing with American lives in the sky.

Indeed, we had the Science and Technology Committee before us here to say just a few hours ago that the Air Mexico crash out in California might have been avoided had we had the more modern equipment, had we had the funding for research and development.

So let us not turn our backs on the needs. Let us provide this funding. There is a solution and the solution is to send that surplus that is in the aviation trust fund. The solution is to embrace honesty in budgeting so we can provide the modernized equipment, so we can provide the runways and the gates.

Mr. Chairman, I urge support for the Howard amendment.

Mr. ANDERSON. Mr. Chairman, I rise today recognizing this body's important budgetary concerns, but in firm support of the amendment being offered by our esteemed colleague, Mr. HOWARD. The budget deficit is of great concern to all of us. However, to keep the aviation trust fund on budget does not bring us any closer to dealing with this tremendous problem. Rather, keeping the trust fund on budget only puts off the hard decisions we must make concerning the budget by allowing the deficit figure to look better than it really is. This is deceiving to the Congress and to the American people.

We cannot continue to keep these much needed funds away from the public as a concession to Federal bookkeeping. The American people have invested billions of dollars for safety and service. In return they see delays, lost baggage and safety controversy—as well as a trust fund surplus of \$5.6 billion. The FAA needs these funds to give the American people what they have paid for. Quite simply, the use of the aviation system is growing at a far faster rate than Congress has appropriated funds to expand and modernize the system. Past experience has shown that the only way to insure that the people will get what they deserve—the most efficient and safe aviation system possible—is to take this trust fund off budget.

I urge my colleagues to recognize the needs of this country's aviation system, and resist the temptation to use this trust fund as a superficial deficit reduction tool by voting for this most important amendment.

Mr. BORSKI. Mr. Chairman, I favor taking the aviation trust fund off budget.

Since the airport improvement program was last reauthorized in 1982, the aviation trust fund has grown to the point where it has a surplus of over \$5 billion. That is the money left over after spending over a billion dollars a year on airport programs. The fund has taken in much more than it has spent on aviation activities.

We all know that the money in the trust fund cannot be used for any other Government programs. The taxes are collected from

airport users and can only be used for airport programs.

But instead of cutting taxes on airport users, or spending more money on much-needed airport improvements, the administration and the Congress have used the surplus to hide the budget deficit. When you have a \$5 billion surplus in the airport trust fund, it hides \$5 billion worth of deficit somewhere else in the budget. So there is an incentive to run up a big surplus in the trust fund and not spend money on aviation programs, because it masks the deficit.

I favor removing the aviation trust fund from the budget. If the fund is removed from the unified budget, then the Congress and the administration will no longer have this incentive to reduce spending on aviation programs. The trust fund was established to fund airport safety and capacity improvements, and that's what it should be used for. I urge my colleagues to vote for the amendment.

Mr. MCEWEN. Mr. Chairman, I am most pleased to join my colleagues on the Public Works Committee as we finally address the very vital issue of the aviation trust fund and the unified budget process.

As the sponsor of legislation in the 99th and 100th Congresses which would remove the three 100-percent user financed infrastructure trust funds from misleading budget practices, H.R. 372, you may be assured that I am a strong supporter of this amendment.

Allow me to quote, please from the 1985 Off-Budget Report language:

... inclusion of the Airport and Airway Trust Funds in the general budget process has prevented the Trust Fund from functioning as intended and has led to the users contributing far more in taxes than has been spent for development of the airport and airway systems. If we are to continue to realize the benefits of the Trust Fund, this situation must be changed.

Mr. Chairman, we finally have an opportunity to put our money where our mouth is. Let us make certain we can say, honestly, to the American public that we are truly doing everything within our power to improve and enhance airline safety and airline travel. Let us further tell them, honestly, that we are treating their user fees—paid with the purchase of each and every airline ticket—fairly and in the case of the aviation trust fund, for their intended purpose.

I look forward to the overwhelming support of my colleagues on this important amendment.

Mr. DERRICK. Mr. Speaker, I yield myself the balance of the time.

Mr. Chairman, I have before me a letter dated today, addressed to the minority leader, from the Administrator of the Federal Aviation Administration, in which he says:

Taken together, there are three things that will severely undermine my ability to operate the FAA.

The first one is:

Excluding Trust Fund expenditures from the budget will force future Budget and Appropriations Committees to assign future across-the-board cuts or other fiscal restraints to other domestic programs, includ-

ing air traffic controller salaries and other transportation programs.

Now, that is the Administrator of the FAA speaking.

And aside from that, to really think that we are here talking about taking something else off budget is just mind boggling, because if we do this, what are we going to do when the retirement system comes to you and wants to go off budget at \$24 billion?

What are you going to do when the military retirement comes and wants to go off budget at \$18 billion?

What are you going to do when health insurance at \$76 billion comes; unemployment at \$22 billion; the highway trust fund, the railroad retirement trust fund and the foreign military sales come on? They do not have any more right to be off budget than we do.

Please vote to defeat this amendment for fiscal sanity, if for nothing else.

Mr. HOWARD. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, I wish to thank all my colleagues for the debate that we have had this afternoon.

First, in order to clarify a few things that were said recently, we just heard from the gentleman from South Carolina talking about the head of the FAA saying he opposes taking this off budget, using this \$5.6 billion.

Well, we all know for the last 2 months in trying to defend her record as far as aviation and aviation safety is going, the Secretary of Transportation who left office yesterday was going around this country blaming us in the Congress for not releasing that \$5.6 billion so that she could do more for safety.

□ 1600

Now today the FAA says they do not want it to be taken off the budget.

We have one other thing here which was mentioned before, that Mr. Miller, the head of the Office of OMB, has said that if we take this off budget they would recommend a veto. This is the very same Mr. Miller who testified recently before our committee, and the gentleman from Pennsylvania [Mr. CLINGER] referred to it, and said taking this off budget makes no difference this year whatever, within the budget or with the deficit. So I think we can take these two arguments and put them aside.

We have heard some scare tactics here. Somehow or other if this trust fund, that cannot be used for other purposes and is already paid comes off budget, when they get to Gramm-Rudman and when they get to sequestration, that will hurt all kinds of programs, domestic programs that people need. If sequestration, according to CBO, and we asked them what would happen with sequestration, and they said it would be less than one-tenth of

1 percent nondefense programs, exempting many programs, exempting Social Security and the safety net. There are 192 programs exempt from sequestration, and those are the programs for the poor, the programs for women, the programs for children, the health programs.

So it is not true at all that those programs can in any way suffer from sequestration if we take this off budget. All of the money, including the \$5.6 billion, is authorized in this bill before us today, and we still stayed within the budget limitations for transportation. So that is in the authorization. We have no fear that we are going overboard in this at all.

All of this money they are talking about that they say incorrectly could be used for other programs, it would not even be here if it were not collected under law by the users of the aviation system and the people who pay 8 percent of their tickets into the trust fund which we collect only for the purpose of improving aviation.

This vote very simply is going to be a simple vote where we are going to determine whether we are going to have less congestion in our airways, whether we are going to be able to have state of the art air traffic control, whether we can have better weather warning for our passengers, more research on safety, more user funds for air traffic controllers.

Would it not be wonderful if we can do that? Is the money there? Yes, it is there. It has been paid by the users. May it be used for other purposes in the Government? No, it may not.

So we are either going to vote yes for safety and honesty in budgeting and keeping our word with the people, or we are going to vote no and say we are satisfied with what is going on in the air system, we do not mind paying money for one purpose and having it used on paper maybe for some other purpose.

Let us be honest in the budgeting and let us get to the work for which we collected the money: Improving air efficiency and air safety by voting yes on this amendment.

I yield back the balance of my time. The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New Jersey [Mr. HOWARD].

The question was taken; and the Chairman announced that the noes appeared to have it.

# RECORDED VOTE

Mr. HOWARD. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 197, noes 202, not voting 35, as follows:

[Roll No. 344]

## AYES—197

Alexander	Gilman	Pickett
Anderson	Gingrich	Quillen
Applegate	Glickman	Rahall
Archer	Gordon	Ravenel
Army	Grant	Ray
Badham	Guarini	Rhodes
Ballenger	Gunderson	Ridge
Barnard	Hall (OH)	Rinaldo
Bartlett	Hall (TX)	Ritter
Barton	Hammerschmidt	Roberts
Bennett	Harris	Robinson
Bentley	Hastert	Rodino
Berman	Hatcher	Roe
Bilbray	Hayes (IL)	Roth
Bliley	Henry	Rowland (CT)
Boehlert	Herger	Rowland (GA)
Bonker	Hertel	Savage
Borski	Hochbrueckner	Saxton
Bosco	Holloway	Schneider
Boxer	Hopkins	Schroeder
Broomfield	Howard	Schutte
Brown (CA)	Hubbard	Shaw
Brown (CO)	Hughes	Shays
Bunning	Hyde	Shumway
Bustamante	Inhofe	Shuster
Byron	Ireland	Sikorski
Callahan	Jacobs	Sisisky
Campbell	Jeffords	Skaggs
Cardin	Johnson (CT)	Slaughter (NY)
Chandler	Jones (NC)	Slaughter (VA)
Chapman	Jones (TN)	Smith (FL)
Clinger	Jontz	Smith (NJ)
Coats	Kanjorski	Smith, Denny
Coble	Klecza	(OR)
Coelho	Kolter	Smith, Robert
Coleman (MO)	Kyl	(OR)
Collins	LaFalce	Solomon
Combest	Lagomarsino	Staggers
Courter	Lancaster	Stangeland
Craig	Lantos	Stump
Daniel	Lewis (FL)	Sundquist
Dannemeyer	Lightfoot	Sweeney
Darden	Lipinski	Swindall
Daub	Lloyd	Tallon
Davis (IL)	Lukens, Donald	Tauke
de la Garza	Marlenee	Taylor
DeFazio	Martin (NY)	Torres
DeWine	Mavroules	Torricelli
Dickinson	McCandless	Towns
DioGuardi	McCollum	Trafficant
Donnelly	McCurdy	Upton
Dorgan (ND)	McGrath	Valentine
Dornan (CA)	Miller (WA)	Vander Jagt
Dreier	Mineta	Visclosky
Duncan	Moorhead	Volkmer
Dymally	Morrison (WA)	Vucanovich
Eckart	Murphy	Walgren
Emerson	Nelson	Weldon
Evans	Nowak	Whittaker
Fawell	Oaker	Wise
Feighan	Oberstar	Wortley
FIELDS	Packard	Wyden
Florio	Pashayan	Wyllie
Galleghy	Pelosi	Yatron
Gallo	Pepper	Young (AK)
Gaydos	Perkins	
Gekas	Petri	

## NOES—202

Ackerman	Chappell	Edwards (OK)
Akaka	Cheney	English
Andrews	Clarke	Erdreich
Annuizio	Clay	Espy
Anthony	Coleman (TX)	Fascell
Aspin	Conte	Fazio
AuCoin	Cooper	Fish
Baker	Coughlin	Flake
Bates	Coyne	Flippo
Bellenson	Crane	Foglietta
Bereuter	Crockett	Foley
Boggs	Davis (MI)	Ford (MI)
Bonior (MI)	DeLay	Ford (TN)
Boucher	Dellums	Frenzel
Boulter	Derrick	Frost
Brennan	Dicks	Gejdenson
Brooks	Dingell	Gibbons
Bruce	Dixon	Gonzalez
Bryant	Downey	Goodling
Buechner	Durbin	Gradison
Burton	Dwyer	Grandy
Carper	Dyson	Gray (PA)
Carr	Edwards (CA)	Green

Gregg	Mazzoli	Russo
Hamilton	McCloskey	Sabo
Hansen	McDade	Saiki
Hawkins	McMillan (NC)	Sawyer
Hefley	McMillan (MD)	Schaefer
Hefner	Meyers	Scheuer
Hiler	Mfume	Schulze
Horton	Michel	Schumer
Houghton	Miller (CA)	Sensenbrenner
Hoyer	Miller (OH)	Sharp
Huckaby	Moakley	Skeen
Hunter	Mollohan	Skelton
Hutto	Montgomery	Slattery
Jenkins	Moody	Smith (IA)
Johnson (SD)	Morella	Smith (NE)
Kaptur	Morrison (CT)	Smith (TX)
Kasich	Mrazek	Smith, Robert
Kastenmeier	Murtha	(NH)
Kennedy	Myers	Snowe
Kennelly	Nagle	Solarz
Kildee	Natcher	Spratt
Kolbe	Neal	Stallings
Konnyu	Nielson	Stark
Kostmayer	Obey	Stenholm
Leach (IA)	Olin	Stokes
Leach (TX)	Owens (NY)	Stratton
Lehman (CA)	Owens (UT)	Studds
Lehman (FL)	Panetta	Swift
Leland	Parris	Thomas (CA)
Lent	Patterson	Thomas (GA)
Levin (MI)	Pease	Traxler
Levine (CA)	Penny	Udall
Lowery (CA)	Pickle	Vento
Lowry (WA)	Porter	Walker
Lujan	Price (IL)	Watkins
Luken, Thomas	Price (NC)	Waxman
Lungren	Pursell	Weber
Mack	Rangel	Wheat
MacKay	Regula	Whitten
Madigan	Richardson	Wilson
Manton	Rogers	Wolf
Markey	Rose	Wolpe
Martin (IL)	Rostenkowski	Yates
Martinez	Roukema	Young (FL)
Matsui	Roybal	

## NOT VOTING—35

Atkins	Gephardt	Molinari
Bateman	Gray (IL)	Nichols
Bevill	Hayes (LA)	Ortiz
Biaggi	Kemp	Oxley
Bilirakis	Latta	Roemer
Boland	Lewis (CA)	Spence
Boner (TN)	Lewis (GA)	St Germain
Conyers	Livingston	Synar
Dowdy	Lott	Tauzin
Early	McEwen	Weiss
Frank	McHugh	Williams
Garcia	Mica	

□ 1615

The Clerk announced the following pairs:

On this vote:

Mr. Gray of Illinois for, with Mr. Weiss against.

Mr. Lewis of Georgia for, with Mr. Mica against.

Mr. Bilirakis for, with Mr. Lewis of California against.

Mr. McEwen for, with Mr. Oxley against.

Mr. WILSON changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Pursuant to the rule, no further amendments are in order.

The question is on the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose and the Speaker pro tempore [Mr. FOLEY]

having assumed the chair, Mr. PANETTA, Chairman of the Committee of the Whole House on the State of Union, reported that that Committee, having had under consideration the bill (H.R. 2310) to amend the Airport and Airway Improvement Act of 1982 for the purpose of extending the authorization of appropriations for airport and airway improvements, and for other purposes, pursuant to House Resolution 278, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 396, nays 0, not voting 38, as follows:

[Roll No. 345]

YEAS—396

Ackerman	Bruce	DeLay
Akaka	Bryant	Dellums
Alexander	Buechner	Derrick
Anderson	Bunning	DeWine
Andrews	Burton	Dickinson
Annunzio	Bustamante	Dicks
Anthony	Byron	Dingell
Applegate	Callahan	DioGuardi
Archer	Campbell	Dixon
Armey	Cardin	Donnelly
Aspin	Carper	Dorgan (ND)
AuCoin	Carr	Dornan (CA)
Badham	Chandler	Downey
Baker	Chapman	Dreier
Ballenger	Chappell	Duncan
Barnard	Cheney	Durbin
Bartlett	Clarke	Dwyer
Barton	Clay	Dymally
Bateman	Clinger	Dyson
Bates	Coats	Eckart
Beilenson	Coble	Edwards (CA)
Bennett	Coelho	Edwards (OK)
Bentley	Coleman (MO)	Emerson
Bereuter	Coleman (TX)	English
Berman	Collins	Erdreich
Bilbray	Combest	Espy
Bliley	Conte	Evans
Boehlt	Coughlin	Fascell
Boggs	Courter	Fawell
Bonker	Coyne	Fazio
Borski	Craig	Feighan
Bosco	Crane	Fields
Boucher	Crockett	Fish
Boulter	Dannemeyer	Flake
Boxer	Darden	Flippo
Brennan	Daub	Florio
Brooks	Davis (IL)	Foglietta
Broomfield	Davis (MI)	Foley
Brown (CA)	de la Garza	Ford (MI)
Brown (CO)	DeFazio	Ford (TN)

Frenzel	Luken, Thomas	Russo
Frost	Lungren	Sabo
Galleghy	Mack	Saiki
Gallo	MacKay	Savage
Gaydos	Madigan	Sawyer
Gejdenson	Manton	Saxton
Gekas	Markey	Schaefer
Gibbons	Marlenee	Scheuer
Gilman	Martin (IL)	Schneider
Gingrich	Martin (NY)	Schroeder
Glickman	Martinez	Schuetz
Gonzalez	Matsui	Schulze
Goodling	Mavroules	Schumer
Gordon	Mazzoli	Sensenbrenner
Gradison	McCandless	Sharp
Grandy	McCloskey	Shaw
Grant	McCurry	Shays
Gray (PA)	McDade	Shumway
Green	McGrath	Shuster
Gregg	McMillan (NC)	Sikorski
Guarini	McMillan (MD)	Siskys
Gunderson	Meyers	Skaggs
Hall (OH)	Mfume	Skeen
Hall (TX)	Michel	Skelton
Hamilton	Miller (CA)	Slattery
Hammerschmidt	Miller (OH)	Slaughter (NY)
Hansen	Miller (WA)	Slaughter (VA)
Harris	Mineta	Smith (IA)
Hastert	Moakley	Smith (NE)
Hatcher	Mollohan	Smith (NJ)
Hawkins	Montgomery	Smith (TX)
Hayes (IL)	Moody	Smith, Denny
Hefley	Moorhead	(OR)
Hefner	Morella	Smith, Robert
Henry	Morrison (CT)	(NH)
Herger	Morrison (WA)	Smith, Robert
Hertel	Murphy	(OR)
Hiler	Murtha	Snowe
Hochbrueckner	Myers	Solarz
Holloway	Nagle	Solomon
Hopkins	Natcher	Spratt
Horton	Neal	Staggers
Houghton	Nelson	Stallings
Howard	Nielson	Stangeland
Hoyer	Nowak	Stark
Hubbard	Oaker	Stenholm
Huckaby	Oberstar	Stokes
Hughes	Obey	Stratton
Hunter	Olin	Studds
Hutto	Owens (NY)	Stump
Hyde	Owens (UT)	Sundquist
Inhofe	Packard	Sweeney
Ireland	Panetta	Swift
Jacobs	Parris	Swindall
Jeffords	Pashayan	Tallon
Jenkins	Patterson	Tauke
Johnson (CT)	Pease	Taylor
Johnson (SD)	Pelosi	Thomas (CA)
Jones (NC)	Penny	Thomas (GA)
Jones (TN)	Pepper	Torres
Jontz	Perkins	Torricelli
Kanjorski	Petri	Towns
Kaptur	Pickett	Trafficant
Kasich	Pickle	Traxler
Kastenmeier	Porter	Udall
Kennedy	Price (IL)	Upton
Kennelly	Price (NC)	Valentine
Kildee	Pursell	Vander Jagt
Kleczka	Quillen	Vento
Kolbe	Rahall	Visclosky
Kolter	Rangel	Volkmer
Konnyu	Ravenel	Vucanovich
Kostmayer	Ray	Walgren
Kyl	Regula	Walker
LaFalce	Rhodes	Watkins
Lagomarsino	Richardson	Waxman
Lancaster	Ridge	Weber
Lantos	Rinaldo	Weldon
Leach (IA)	Ritter	Wheat
Leath (TX)	Roberts	Whittaker
Lehman (CA)	Robinson	Whitten
Lehman (FL)	Rodino	Williams
Leland	Roe	Wilson
Lent	Rogers	Wise
Levin (MI)	Rose	Wolf
Levine (CA)	Rostenkowski	Wolpe
Lewis (FL)	Roth	Wortley
Lightfoot	Roukema	Wyden
Lipinski	Rowland (CT)	Wylie
Lloyd	Rowland (GA)	Yates
Lowery (CA)	Roybal	Yatron
Lowry (WA)		Young (AK)
Lujan		Young (FL)

## NAYS—0

## NOT VOTING—38

Atkins	Garcia	Mica
Bevill	Gephardt	Molinari
Biaggi	Gray (IL)	Nichols
Billrakis	Hayes (LA)	Ortiz
Boland	Kemp	Oxley
Boner (TN)	Latta	Roemer
Bonior (MI)	Lewis (CA)	Smith (FL)
Conyers	Lewis (GA)	Spence
Cooper	Livingston	St Germain
Daniel	Lott	Synar
Dowdy	Lukens, Donald	Tauzin
Early	McEwen	Weiss
Frank	McHugh	

□ 1630

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### AUTHORIZING CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 2310, AIRPORT AND AIRWAY IMPROVEMENT AMENDMENTS OF 1987

Mr. MINETA. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, H.R. 2310, the Clerk be authorized to correct section numbers, punctuation, and cross references and make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

#### GENERAL LEAVE

Mr. MINETA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2310, the bill just passed.

The SPEAKER pro tempore (Mr. CARPER). Is there objection to the request of the gentleman from California?

There was no objection.

#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2897, FEDERAL TRADE COMMISSION ACT AMENDMENTS OF 1987

Mr. FROST, from the Committee on Rules, submitted a privileged report (Rept. No. 100-327) on the resolution (H. Res. 279) providing for the consideration of the bill (H.R. 2897) to amend the Federal Trade Commission Act to extend the authorization of appropriations in such act, and for other purposes, which was referred to the House Calendar and ordered to be printed.

## LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I ask for this 1 minute for the purpose of inquiring of the distinguished majority leader the program for the balance of the week and his projections for next week.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to the gentleman from Washington.

Mr. FOLEY. Mr. Speaker, this concludes the program for today, and the House will not be in session tomorrow, so the work for the week has been concluded.

We will be in session on Monday at noon to consider the Consent Calendar and 13 bills under suspension of the rules, as follows:

H.R. 3226, to allow travel expenses for certain participants in the White House Conference for a Drug Free America;

H.R. 3307, Sentencing Guidelines Transition Act of 1987;

H.R. 3258, to impose criminal penalties for damage to religious property;

H. Res. 274, to provide for the release of certain materials relating to the inquiry into the conduct of U.S. District Judge Hastings;

H.R. 3051, Airline Passenger Protection Act of 1987;

H.R. 2325, Big Bend National Park addition;

H.R. 2416, Jimmy Carter National Historic Site and Preservation District;

H.R. 1548, California Military Lands Withdrawal Act of 1987;

H.R. 2486, to add certain lands to wilderness areas in Texas;

H.R. 2652, to revise the boundaries of Salem Maritime National Historic Site;

H.R. 1567, to agree to Senate amendments to the Cow Creek Band of Umpqua Indians Judgment Distribution Act;

H.R. 2631, U.S. Mint authorization; and

H.R. 3391, to prohibit importation of all Iranian products into the United States.

On Tuesday, October 6, the House will meet at noon to consider the Private Calendar, and H.R. 3030, the Agricultural Credit Act of 1987, to complete consideration, following which recorded votes, if ordered on suspensions postponed from Monday, October 5, will be considered.

On Wednesday and Thursday, October 7 and 8, the House will meet at 10 a.m. and consider H.R. 2897, the Federal Trade Commission authorization, with an open rule, and 2 hours of debate; and H.R. 2961, the Federal Communications Commission authorization, subject to a rule.

On Friday, October 9, the House will not be in session.

This announcement is made subject to the usual reservations of conference reports may be brought up at any time. Any further program will be announced later.

I might say that there is a possibility of some additional legislation on the Iran trade issue.

□ 1645

Mr. MICHEL. Did I hear the gentleman say that the rollcalls that would be rolled over from Monday would be following any consideration of the Agricultural Credit Act?

Mr. FOLEY. That is correct. There will be no rollcall votes other than procedural votes.

Mr. MICHEL. Is the gentleman sure that that credit act, that we will be able to consider that at that time?

Mr. FOLEY. That is our understanding, that it will be available for consideration on Tuesday.

Mr. MICHEL. That is the portion that was reported out of the Committee on Energy and Commerce, is that correct?

Mr. MADIGAN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding to me.

On the point the gentleman has just raised with the distinguished majority leader, I understand that the Committee on Energy and Commerce subcommittee has had a hearing on this bill.

The full committee has not yet done anything, and there is no markup of the bill that has yet been announced or scheduled by the full Committee on Energy and Commerce.

The bill is also referred to the Committee on Banking, Finance and Urban Affairs, and I am not aware of them having completed their consideration of the bill.

Mr. FOLEY. Mr. Speaker, will the gentleman yield further?

Mr. MICHEL. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for again yielding.

I am told that there is some effort to hope that the bill could come up, and that a compromise amendment could be offered by the chairman of the Committee on Agriculture under the rule.

Mr. MICHEL. Is the gentleman aware of anything in that area?

Mr. MADIGAN. If the gentleman will yield further, the subcommittee of the full Committee on Energy and Commerce had a hearing on the bill today, but no action has been scheduled in the full committee.

If there is some agreement pending, the minority on the Committee on Energy and Commerce and the minority on the Committee on Agriculture are not aware of it.

Mr. FOLEY. All I can tell the gentleman from Illinois is our checking with the committees, we understood the bill will be ready for Tuesday.

If it is not, we will have to make an announcement later.

Mr. MICHEL. In any event, there would be rollcalls from the Suspension Calendar from Monday.

I would assume that in the event we cannot take up that measure, that there will be rollcalls then Tuesday from the suspensions carried over from Monday, or would the program be trashed for Tuesday?

Mr. FOLEY. There will be a Tuesday schedule in addition to the votes on any suspensions ordered on Tuesday, even if we are not able to bring up the Agricultural Credit Act which we had planned to bring up and still plan to bring up, but I might say that there is no formal referral to the Committee on Energy and Commerce.

It is an understanding that those committees would be able to consider the legislation informally, and that we would work out some adjustment on the floor to the concerns that they had, so I am not sure that technical reporting of the bill is required.

We intend to consult further with the committees. Obviously the intention of the postponement of consideration of title III was to try and reach any accommodation that could be made between the differing jurisdictions and their concerns; but again the formality of the report from the committee with the usual 3-day layover is not required, since the bill has never been formally recommitted to either the Committee on Banking, Finance and Urban Affairs or the Committee on Energy and Commerce.

Mr. MADIGAN. Mr. Speaker, will the gentleman yield briefly?

Mr. MICHEL. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding to me.

I take this opportunity to call to the attention of the distinguished majority leader that there are issues outstanding on title IV of that bill that also have not yet been resolved, and there is no language agreed to on title IV of H.R. 3030.

Mr. FOLEY. The gentleman from Illinois is one of the most distinguished Members of the House, and one of the few Members who serves on both the Committee on Energy and Commerce and the Committee on Agriculture; and if there is a way to accommodate these differences, I know the gentleman will attempt to do so.

Our object is to try to smooth the passage of this bill and to make it possible to consider it without a long and difficult floor consideration.

At the present time, I am not able to give any assurance that we are planning, other than H.R. 3030 on Tuesday, and I hope we can work out what-

ever differences there are between now and then to allow for an expeditious consideration of the bill.

Mr. MICHEL. Might I inquire of the distinguished majority leader whether there is any possibility of the Independent Counsel Act legislation being brought up next week?

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding to me.

There is some possibility that it could be brought up as early as next week, but I think it is more likely to be brought up the week after.

If there is some possibility of next week, I would like to put the distinguished Republican leader on notice that we might make an announcement about consideration later in the week next week.

At the present time I would think it more likely to come up the week after.

Mr. MICHEL. And then one final question, since the following Monday is Monday, October 12, Columbus Day, has that been determined?

Mr. FOLEY. That day the House will not be in session.

I can assure the gentleman that both Friday tomorrow, Friday next week, and the following Monday, there will be no votes, and Members can plan their schedules accordingly.

#### ADJOURNMENT TO MONDAY, OCTOBER 5, 1987

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER pro tempore (Mr. STAGGERS). Is there objection to the request of the gentleman from Washington?

There was no objection.

#### DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### PERMISSION FOR COMMITTEE ON GOVERNMENT OPERATIONS TO HAVE UNTIL 6 P.M. FRIDAY, OCTOBER 2, 1987, TO FILE SUNDRY REPORTS

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations have until 6 p.m. Friday, October 2, 1987, to

file three reports. The ranking minority member concurs in this request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### SUPPORT FOR COMPLETION OF COLORADO RIVER STORAGE PROJECT

(Mr. OWENS of Utah asked and was given permission to address the House for 1 minute.)

Mr. OWENS of Utah. Mr. Speaker, today I join with all my Utah colleagues in both the House and Senate to introduce a bill of major importance to the West and to Utah in particular: a bill which will authorize the completion of all the major construction components of the Colorado River storage project.

The Bonneville unit is the last of the major elements in this project, and the one which will supply water to Salt Lake County, whose residents have been paying taxes for over 20 years to build other units of the central Utah project.

Much damage has been inflicted on the mountains and streams of Utah over the 30 years of construction of the central Utah project. Authorized funds have been spent mostly on construction, very, very little on replacing the wildlife habitat and mountain streams that have been destroyed. That legal obligation must now be fulfilled, as we move to complete construction. That is the purpose of this legislation.

Salt Lake County has already overbuilt its water supply and needs this water now. The last major water supply for this area came with the Deer Creek project, which was built between 1938 and 1941. Most of that water was subscribed for by seven cities in Salt Lake County and six cities in Utah County. None was subscribed for by Salt Lake County itself.

The population of Salt Lake County in 1940 was only 212,000. Today, that number now approaches 700,000 for an increase of over 300 percent. By the year 2000 it is projected to be 912,000. Over the next 25 years, Salt Lake County is projected to increase by 425,000. This growth will require an additional 140,000 acre-feet of water for municipal and industrial uses. Only 70,000 acre-feet of this water, or about one-half of what will be needed, will be supplied by the Bonneville unit.

During the past several years there have been accepted a number of proposed changes resulting from a comprehensive review of the project. These changes include:

First, agreements to guarantee instream flows along the feeder streams

in the Uintah basin, a key objective of environmental groups;

Second, abandonment of the large pump-back storage power project at Diamond Fork;

Third, modification of the Jordan Aqueduct to reduce cost and impacts on private property; and

Fourth, other changes to downscale the project to its essential features.

Another significant improvement, made through the hard work and diligent efforts of those involved with the project, particularly the management of the Central Utah Water Conservancy District and the Utah congressional delegation, is the enactment of restrictions on the Bureau of Reclamation's funding to limit administrative "overhead." This will maximize the projects construction activities.

The most important function of the bill that we are introducing today is to bring the fish and wildlife mitigation and recreation, so-called section 8 spending, back in line with the cost of the project. Because the efforts to complete the construction features of the project, wildlife and recreation mitigation spending has lagged behind, the logic being, I suppose, that we would catch up on this later. This is not, in my opinion, the ideal way to manage the mitigation aspects of the project, leaving the majority of them until the end. But the fact of the matter is that approximately one-third of the funds authorized in this bill will go toward section 8, and that these funds are necessary to complete the environmental and recreation mitigation required by Congress. I am committed to see that the environmental concerns that Congress has had from the beginning be addressed, and that the project live up to its obligations to protect the environment where possible, and to mitigate its effects when those effects are unavoidable. This bill is necessary to see that this is done.

I support and endorse completion of the project and urge the Congress to consider the needs of the people of my district in its approval of this measure.

#### THE PLIGHT OF FOUR SOVIET REFUSENIKS

(Mr. HORTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HORTON. Mr. Speaker, earlier this afternoon, several constituents of mine from the Rochester, NY, area were standing before the Soviet Embassy here in Washington. They were there in an effort to publicize the plight of four Soviet refuseniks who have been trying for years to leave the Soviet Union and to join their families in the United States and Israel.

These refuseniks, all Jewish, have been denied their rights under the Helsinki accords to be united with their families. Today, 2 days before Yom Kippur—the most holy of the Jewish holidays—my constituents stand together to remember their Soviet friends and urge their prompt release.

Mr. Speaker, we have all heard, time and time again, the now-famous Russian word of "glasnost," so frequently used by Mr. Gorbachev. That word, and the policy of openness, should be applauded by all as an excellent step in the right direction for improved relations between our two countries. But, Mr. Speaker, "glasnost" is just another word if the deeds do not follow.

We have heard about some of the most famous dissidents and refuseniks being released and allowed to emigrate from the Soviet Union. These acts of good faith by the Soviet leaders are not forgotten. But one of my constituents, who last month spoke with Andrei Sakharov in the Soviet Union, noted that of the 25 imprisoned dissidents he spoke of, only 4 or 5 had actually been addressed.

I join my constituents who have traveled this great distance to ask Mr. Gorbachev to allow these four refuseniks to join their families, and I say to the Soviet leader: "Your words are encouraging. Your deeds are what is important."

Two of the people involved in this—Rabbi Judea Miller and Sandy Gradinger—were in the Soviet Union last month, for several weeks. They met with a number of dissidents and refuseniks, including Mr. Sakharov. Some of the details of that trip are included in an article which will follow this statement.

The event today has strong support from numerous organizations around the country, including: Union of Councils of Soviet Jewry in Boston, Washington and Long Island, the National Conference of Soviet Jewry; the Rochester Board of Rabbis; the Jewish Federation of Rochester and of South Broward, FL; the Temple Youth Groups of Rochester; as well as many others.

I congratulate my constituents from Rochester—Mr. Gradinger, Rabbi Miller, Boris, and Helen Zapesochny, and others, and wish them the best in their efforts. I commend to my colleagues an article that recently appeared in the Rochester Democrat and Chronicle written by Rabbi Miller following his trip to the Soviet Union.

Mr. Speaker, the article referred to earlier follows:

IT TAKES COURAGE FOR RUSSIAN JEWS TO BECOME "REFUSENIKS"

(By Judea M. Miller)

They will be gathering today from all corners of the Soviet Union, Jewish Refuseniks

will travel in groups of two and three to Babi Yar, a ravine in a suburb of Kiev.

It was there on Sept. 29, 1942, that the Nazis herded 100,000 Jews. During the next three days they were machinegunned and their bodies thrown into the ravine that became a mass grave.

Soviet authorities have resisted acknowledging the site with a Jewish memorial. The composer, Dimitri Shostakovich, tried to memorialize the massacre in his 13th symphony; but authorities found it faulty on "ideological grounds."

Yavgeni Yevtushenko wrote a stirring poem about Babi Yar. It was denounced for "overconcern with Jews, for singling out Jews as particular victims of Nazi genocide policy, and for slandering the Soviet people."

At last, after years of protest, there is a monument at Babi Yar. But it has no mention of Jews, even though the overwhelming majority of victims murdered there were Jews.

When I visited Russia earlier this month, I learned from Jews who had lived in Kiev, that a reason Soviet authorities are embarrassed by the Jewish aspect of the Babi Yar massacre is that though it was planned and administered by Germans, local Russian anti-Semites had collaborated in carrying it out.

Refuseniks are Jews who have applied for exit visas to leave the Soviet Union in accordance with international agreements signed by the Soviet government at Helsinki in 1975. They have been refused permission to leave.

But for asking to leave, most have had to lose their jobs and position, often forfeiting apartments and their children's place in schools.

Refused, they languish for years as pariahs, harassed by authorities and shunned by neighbors. It takes courage for a person to risk becoming a "Refusenik."

Refuseniks have in the past tried to observe the anniversary of the massacre at Babi Yar with memorial services. Each time they were beaten and arrested, the wreaths of flowers brought were rolled over and trampled by the police. Will this happen again today?

It is doubtful that newspaper reporters will be at Babi Yar today. But the world must know what is happening there and whether the memorial service is allowed to take place. For this will be a measure of the sincerity of *glasnost*, the supposed opening of Soviet society to intellectual dissent and religious freedom.

I was with refuseniks in Moscow when they were planning the worship service. Each person was himself a tale of courage and faith.

One young refusenik, Aleksey Margarik, had just been released from prison camp where he had served 18 months of a three-year sentence because he dared to teach Hebrew. Another had been arrested for the same illegal activity.

The actual charges were alleged possession of a pistol or drugs or anti-Soviet propaganda, all placed in their homes by the KGB to frame them for arrest. But everyone knew that the actual crime was teaching Hebrew.

I sat for hours speaking with Alexander Kholmiansky and his young wife. He is 37. He is also one of the few truly free people I have ever met. He now fears nothing.

He was threatened with arrest; he has already served two sentences in a Siberian prison. He was threatened with solitary con-

finement; he was kept in solitary confinement for six months.

He was threatened with reduction of rations; he went on a hunger strike for 208 days, until he was force-fed by prison guards. There is nothing he now fears.

At his last sentencing he made this statement to the court: "This court is not dependent upon justice, but rather upon the fact that I am a Jew, a teacher of the Hebrew language and the Jewish culture," and that I am committed to leaving Russia to go to Israel.

"Still, I must believe the time will come when Jews in the Soviet Union will be free, just as I believe the time will come when I will live as a Jew in Israel."

Kholmiansky and his wife, Anna, and their infant daughter were arrested again last week for daring to protest in Moscow. Their sentence was light. They were detained for the day and fined fifty rubles.

They will be at Babi Yar today. The world must be aware of what is happening today at that ravine in Kiev.

### SOVIET COSMONAUT YURIY ROMANENKO BREAKS OWN RECORD

(Mr. NELSON of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. NELSON of Florida. Mr. Speaker, a space record was broken today. It was broken by a Soviet cosmonaut, Yuriy Romanenko.

Romanenko broke his own space endurance record of 237 days, for today is the 238th day; and we have every reason to believe that the Soviets intend to go on for a total of a long endurance record of 10 months in zero gravity in low Earth orbit.

What this says to us is that this record was previously held from Salud, from their space station Salud No. 7, and they now have a new space station called Mir, the new endurance record, and that crew is up there right now.

We best be upon the plans of putting our space station together and getting it up, planned, delayed as it is, but at least by the mid-1990's.

That zero-gravity environment, Mr. Speaker, is extraordinary for manufacturing new materials and wonderful drugs, and the future of this country, indeed the future of planet Earth.

### "THANKS FOR THE MEMORIES," JOHNNY

(Mr. BOEHLERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BOEHLERT. Mr. Speaker, this evening when that familiar "Heeere's Johnny" is beamed across America, we all know that will follow: Once more millions of us from coast to coast will be able to sit back, relax and be entertained by the master, Johnny Carson.

And if the past 25 years are any indication, we won't be disappointed.

As Steven Stark reported in the New York Times, "this Thursday night, Mr. Carson marks his 25th anniversary as host of the 'Tonight Show,' making him one of television's longest running continuous stars ever. He has gone beyond popular: Most of us have seen him more frequently than almost anyone else in history."

I won't try to match Johnny's genius with words but choose simply to borrow from Bob Hope and say "thanks for the memories." And on behalf of all of us who are so appreciative of his great talent I'll add—keep it up.

I would like to share with my colleagues the Stark people of Johnny Carson which appeared in the Sunday, September 27, New York Times.

The article referred to follows:

[From the New York Times, Sept. 27, 1987]

HEEERE'S JOHNNY—WHOEVER HE IS

(By Steven Stark)

In the age of television, nothing lasts, much less forever. Today's Oliver Norths are tomorrow's Charles Van Dorens. Bill Cosby is considered irreplaceable, but so were Milton Berle and "Laugh-In." We now know that even "great communicators" can get overexposed if they try the same routine too often.

Yet Johnny Carson, often hailed as an embodiment of the conventional, has defied the conventional wisdom. This Thursday night, Mr. Carson marks his 25th anniversary as host of the "Tonight Show," making him one of television's longest-running continuous stars ever. He has gone beyond popular: More of us have seen him more frequently than almost anyone else in history. For more than 5,000 nights, we have watched the same imaginary golf swings, the same references to his alimony, the same pets from the San Diego Zoo and the same jokes about Ed McMahon's drinking or Doc Severinsen's clothes. And we keep on watching, eight million a night. "By now, people consider Johnny a regular part of the family," said his executive producer of 17 years Fred de Cordova.

Yet despite constant exposure on a medium thought to reveal the deepest intimacies of character, Mr. Carson remains remarkably impenetrable. "He's been able to present to the camera this unshakable facade, this indestructible presence," said Mark Crispin Miller, who heads the film studies program at Johns Hopkins University.

"It's his elusivity that keeps him fresh," said Jimmie Reeves, an assistant professor of communications at the University of Michigan. "We can put ourselves into him. He's familiar enough to be recognizable yet unique enough to be interesting. There's more to Johnny Carson than meets the eye."

In far less time than 25 years, we became familiar with Jack Paar's temper, Howard Cosell's assertiveness and Joan Rivers' abrasiveness. If we have imagined inviting Barbara Walters, Bill Cosby or even Ronald Reagan into our homes, television has already disclosed how they might act and what they might say. But Mr. Carson? Aside from a few chosen facts—the long vacations, the frequent divorces, the love of tennis, the Nebraska boyhood—we have little sense of

the man. In the world of the utterly known, Mr. Carson remains unknowable.

It is a facet of his persona that others have noted. Mr. Carson is rarely photographed and even more infrequently sits for interviews (he only granted one about this anniversary—to his own publicist). The few reporters who get through usually come away frustrated. A Playboy magazine interviewer in 1967 described him as "paradoxical"; Rolling Stone, 12 years later, found him "elusive." "Nobody really knows Johnny," an associate was once quoted as saying. "He's sealed as tight as an egg. And the shell is unbreakable."

Even the show defies easy description. It is a talk show with little talk, a variety show without variety, a "live" show taped earlier in the day. Opening every night with an excited "Here's Johnny," an orchestra blast and a host who appears from behind a curtain, the "Tonight Show" promises the old-time glitz of show business. Yet its major attraction lies in its relentlessly upbeat regularity. Looking back over 25 years of Mr. Carson's "Tonight Show," in fact, it is hard to recall many extraordinary moments. Tiny Tim's wedding in 1969? Alex Haley's 1977 presentation of Mr. Carson's genealogical chart? Another appearance by Carl Sagan? Mr. Carson invokes the familiar so repeatedly that his prime-time anniversary shows are often reduced to showing bloopers: When something goes awry on the "Tonight Show," that's news. The show, like its host, is unique in popular culture, memorable yet incapable of being remembered.

Part of the mystery of Mr. Carson derives from his many roles. He is an outstanding stand-up comedian, an improviser and a host who lets others talk while he politely listens. He also plays himself, a somewhat unusual role for a regular television entertainer, though one explored earlier on the medium by George Burns and Jack Benny. (Mr. de Cordova produced their shows too.) After all, when Don Johnson plays Sonny Crockett or Michael J. Fox plays Alex Keaton, it is easy to separate the performer from his role, a fictional composite of the efforts of writers, directors and camera personnel, not to mention the actor.

But when the "Tonight Show's" 100-member staff pushes Mr. Carson forward every night into one of television's last bastions of nonfictional entertainment, who is he? "Himself," said Mr. de Cordova. "George Burns and Jack Benny assumed a facade. Johnny Carson is not a character named Johnny Carson." Yet Mr. Carson reads many of his lines, just like other actors. And it is difficult to judge where reality stops and facade takes over. Does Johnny actually pay all that alimony? Does Ed really drink that much? As David Mark, an assistant professor of American studies at Brandeis University, points out in a forthcoming book on comedy, the stand-up comic traditionally creates a persona, making no distinction between stage and world, teller and tale. Mr. Carson, the one-time host of the quiz show "Who Do You Trust?" seems to profess: "I'm telling you the truth; I am who I am." Is it possible to believe him?

The hour at which Mr. Carson appears also adds to his mystery. "unlike other shows, we tend to watch 'Tonight' in bed, lying down, when we're tired," said Brian Rose, who is director of media studies at Fordham University's Lincoln Center campus and author of a scholarly survey of talk shows. Mr. Carson rarely appears out-

side that late-night time slot, a time when we drift between wakefulness and sleep. "Television extends the dream world," the anthropologist Edmund Carpenter once said. "Its content is the stuff of dreams and its format is pure dream." Ordinary yet dislocated, relevant yet forgettable, the "Tonight Show" serves as a bridge between the tangible world and the world of our dreams. And at its center stands the ambiguous Mr. Carson, refusing to disclose himself.

He started out as a magician, performing sleights of hand. He is now a magician of persona, performing sleights of mind. Yet Mr. Carson's inscrutability is what has enabled him to survive and prosper. By defying the reductionism that renders all things knowable and ultimately trivial, Mr. Carson has made himself television's only character worth watching night after night. After 25 years we know Johnny Carson like we know ourselves, which is to say, we hardly know him at all.

□ 1700

#### REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3204

Mr. ESPY. Mr. Speaker, I ask unanimous consent to have the name of the gentleman from North Carolina, Mr. DAVID PRICE removed as a cosponsor of H.R. 3204, otherwise known as the Mississippi River National Heritage Corridor Act of 1987. I inadvertently placed the name of Congressman PRICE on that bill. I apologize to the gentleman and to his staff.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1572

Mr. ESPY. Mr. Speaker, I ask unanimous consent that my own name be removed as a cosponsor of H.R. 1572, the Family Care Act of 1987.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### CONGRESSMAN MEL LEVINE INTRODUCES H.R. 3393, BANNING ALL IMPORTS INTO UNITED STATES OF PRODUCTS OF IRAN

(Mr. LEVINE of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVINE of California. Mr. Speaker, today I have introduced legislation which would ban all imports from Iran to the United States.

I am pleased to be joined in this effort by the chairman of the Foreign Affairs Committee, DANTE FASCELL; the ranking minority member, WILLIAM BROOMFIELD; the chairman and ranking minority member of the Europe and Middle East Subcommittee, LEE HAMILTON and BEN GILMAN,

respectively; the chairman of the International Economic Policy and Trade Subcommittee, Mr. BONKER; Mr. ATKINS; Mr. SMITH of Florida; and Mr. BERMAN. I commend my colleagues on the Ways and Means Committee for taking similar action earlier today.

Mr. Speaker, in the last few months, the United States has been actively engaged in an attempt to control the conflict in the Persian Gulf:

We have deployed a naval armada unsurpassed in size since World War II to protect reflagged Kuwaiti ships and to help ensure the free flow of oil;

We have led efforts in the United Nations to press both combatants in the war to accept a U.N.-sponsored cease-fire;

Our naval forces have been forced to attack an Iranian ship laying mines in the shipping lanes of the gulf; and

We have attempted to get our allies to support our efforts in the gulf and to support a total arms embargo on whichever country does not agree to a cease-fire—in this case, Iran.

Our policy and our presence in the gulf are obviously not without risk. This essential point is vividly underscored by the deaths of 37 of our sailors on the U.S.S. *Stark*; by the constant threat of military actions undertaken by Iranian revolutionary guards; by the presence of silkworm missiles along the Strait of Hormuz; and by the maze of mines almost certainly laid down by Iran.

Under these circumstances, when Iran is threatening the lives of our men in the gulf, it is an outrage to learn that the American dollars have been allowed to flow into the Iranian war machine.

How is it possible that an increase in tensions in the gulf over the last several months has actually coincided with a dramatic increase in United States purchases of Iranian oil, to the point that Iran has become the second largest supplier of crude oil to the United States?

Why have we allowed United States trade with Iran, and particularly the purchase by the United States of Iranian oil—which in recent years has averaged more than one-half a billion dollars annually—to enhance so demonstrably Iran's ability to sustain and escalate its war against Iraq, against the United States, against our allies, against the other states in the gulf, and to ignore calls for a cease-fire?

Mr. Speaker, it simply does not make sense. It is time to take a stand. It is time to bring our economic policies in line with our military posture. And it is time to end our inexcusable subsidy of the Iranian war effort.

The bill that we are introducing today accomplishes this goal. It calls for the President, under the authority vested in him by the International Emergency Economic Powers Act, to

expand the embargo on trade with Iran to include prohibiting the importation into the United States of all products of Iran. This will effectively cut off the flow of funds from the U.S. Treasury to the Ayatollah's pockets.

Equally as important, the bill directs the President to undertake consultations with the member nations of NATO, the Gulf Coordination Council, and other nations concerning the feasibility of negotiating a multinational agreement to embargo products of Iran. Clearly, only a multilateral approach will have the kind of economic impact on Iran which will force it to ameliorate its conduct in the gulf and to seek a settlement of the gulf war.

I thank my colleagues on the Foreign Affairs Committee for joining me in this effort, and urge the other Members of the House to support this important initiative.

#### THE MORNING AFTER

(Mr. PANETTA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PANETTA. Mr. Speaker, I would like to share with all Members an excellent article which appears in the October issue of *Atlantic Monthly*. In "The Morning After" Peter G. Peterson presents a brilliant analysis of where we have been and where we are going in terms of our economic situation. Mr. Peterson provides an exhaustive analysis of our domestic and international economic and budget problems and prescribes a number of bold policy changes for the next 20 years and beyond. This article is an important contribution to the debate over which path the United States must take to ensure our future economic health. I recommend it to all Members.

[From the *Atlantic Monthly*, October 1987]

#### THE MORNING AFTER

(By Peter G. Peterson)\*

In 1981 Ronald Reagan took the helm of a nation whose economy was reeling, with inflation in double digits, the prime rate hurtling past 20 percent, and the national spirit sagging into bewilderment. Today other countries gaze enviously over an American economic landscape that shows little trace of past convulsions and, indeed, seems to burst with new businesses, new jobs, new Dow Jones records, and a newfound confidence.

Yet, six years after the radical reforms of Reaganomics got under way, Americans are about to wake up to reality: for some time now the foundations of their economic future have been insidiously weakening. This awakening is currently being delayed by the widespread preoccupation with "competitiveness." Under the prodding of a trade balance in manufactured goods that collapsed from a \$17 billion surplus in 1980 to a \$139 billion deficit in 1986, including the first deficit ever in high-technology goods,

\*The author wishes to thank Neil Howe, the research director of Americans for Generational Equity for his considerable help in preparing this article.

and with additional shoves from a shaky dollar, from nervous financial markets, and from stagnating real wages, the so-called competitiveness problem is quickly climbing to the top of America's political agenda.

What does competitiveness mean? In many American households today it means worry about future living standards and about whether one's children, ten to fifteen years into their careers, will be able to out-earn their parents. In corporate boardrooms competitiveness means the executive nightmare of seeing Americans gorge themselves on goods from foreign firms.

For many blue-collar workers competitiveness has an even crueler meaning: layoffs and the understandable desire to get even with the anonymous forces behind them. Over the past three years America's import deluge has resulted in pink slips for one to two million domestic manufacturing workers each year. More than a third of them remain indefinitely out of work; more than half the rest have taken pay cuts of 30 to 50 percent in new jobs that cannot make use of their experience. Economists are looking closely at this dislocation for signs of structural disintegration in U.S. communities, and of the decay of skills and habits that once made manufacturing an engine of U.S. a comparative advantage in world trade.

In Washington competitiveness seems to mean both nothing and everything. Some senators advocated a speed limit of sixty-five miles an hour on rural highways as a "competitiveness" measure. House members are justifying yesteryear's jobs bills by renaming them "competitive adjustment programs." And lobbyists are arguing for stricter world cartels on everything from shoes to semiconductors on the ground that such agreements will improve our "competitiveness." After announcing in its 1987 Economic Report of the President that recent U.S. performance in manufacturing has vindicated our competitiveness, the White House has refused to be upstaged on the issue, even going so far as to claim that the Strategic Defense Initiative is "pro-competitive."

Democrats are demanding that the Administration get back America's "rightful share" of jobs and wages through protectionist measures. If imports are cut back, they say, the jobs and income generated by producing for American consumers will be miraculously transferred from foreign to U.S. firms. Get tough on the other guys and our situation will improve—that seems to be the general idea. What all public statements on "getting back" our competitiveness neglect to mention is that Americans will have to give up something to get it back. Over the next few years policymakers will wake up to the true cause of our "competitiveness" predicament: the incalculable damage we have inflicted on our economy in recent years.

An x-ray of the damage would show its antecedents stretching far back in the past, across several Administrations. Our national preference for consumption over investment—the root malady—did not begin with the Reagan Administration. Still, that set of policies loosely known as Reaganomics has certainly worsened the damage. In the finest tradition of Euripidean irony, measures meant to save us have worked in the end to afflict us, so much so that even our nation's non-economic hopes—cultural, social, and strategic—have been clouded by our disastrous fiscal mismanagement. It has been a hard lesson in the law of unintended results.

Intent: From a decade of feeble productivity growth (0.6 percent yearly in the 1970s)

and early signs of rising poverty rates, we entered the 1980s flush with expectations of "supply-side" prosperity. Result: we have ended up with still feeble productivity growth (0.4 percent yearly from 1979 to 1986) and, despite a debt-financed rise in personal income, with an upward leap in every measure of overall poverty. More important, we have witnessed a widening split between the elderly, among whom poverty is still declining, and children and young families, among whom poverty rates have exploded—a development with dire implications for our future productivity.

Intent: After a decade of worry about our low level of net private domestic investment (6.9 percent of GNP from 1970 to 1979) and an unsustainable real decline in the construction of public infrastructure, we wanted the 1980s to be a farsighted decade of thrift, healthy balance sheets, and accelerating capital formation. Result: We have ended up with by far the weakest net investment effort in our postwar history (averaging 4.7 percent of GNP from 1980 to 1986) and have acquiesced in the crumbling of our infrastructure. Moreover, far from renewing our saving habits or our balance sheets, or bolstering the "supply side" of our economy, the 1980s have turned out to be the most consumption-biased "demand-side" decade experienced by any major industrial country during the postwar era.

Intent: In 1980 American voters decisively endorsed a smaller and leaner federal government, with special exceptions for defense spending and for poverty-related "safety-net" benefits. Result: We ended up with a significantly higher level of federal spending in 1986 (23.8 percent of GNP) than we had in 1979 (20.5 percent of GNP)—with most of the growth concentrated in precisely what needed to be controlled: interest costs and entitlement benefits unrelated to poverty (or, to put it bluntly, welfare for the middle class and up). Federal interest payments on the national debt, \$136 billion in 1986, are now equivalent to the total taxpayer savings originally projected from the 1981 income-tax cut. As for federal benefits doled out regardless of financial need, these have grown from about \$200 billion in 1979 to \$400 billion in 1986. They totaled \$46 billion in 1968.

Intent: Entering the 1980s, we acknowledged that it was bad policy to allow federal outlays to exceed federal revenues (with deficits averaging 1.7 percent of GNP from 1970 to 1979). We promised ourselves to do better. Result: We made the gap between spending and taxes wide beyond precedent (with deficits averaging 4.1 percent of GNP from 1980 to 1986, and rising to 4.9 percent of GNP, or 90 percent of all private-sector net savings, in 1986). Our publicly held federal debt is nearly three times larger now than it was in 1980. The projected deficit numbers have improved somewhat, but the much heralded future declines are premised on very rosy assumptions—no recession, for example, and an interest rate of 4.0 percent.

Intent: Americans voted in 1980 for leadership that emphasized greater global competitiveness and freer world markets as the most advantageous means of achieving balanced economic growth. Result: America's steep decline in savings during the 1980s has precisely reversed our intentions. We were promised a \$65 billion trade surplus by 1984; instead we suffered a \$123 billion trade deficit. Today, despite four years of extraordinary luck on the energy front, we have managed to twist the global economy into the most lopsided imbalance between saving

(foreign) and spending (American) ever witnessed in the industrialized era. In the process—as we all know—we have transformed ourselves from the world's largest creditor into the world's largest debtor. In reaction to this shift the rest was inevitable: a more than tripling (from about five percent to 18 percent) in the share of U.S. imports subject to quotas, a colossal about-face in public opinion away from free trade, and the appearance of the most blatantly protectionist bills before Congress since the days of Senator Reed Smoot and Congressman Willis C. Hawley—despite the President's free-trade convictions.

Intent: America came into the 1980s longing to strengthen its military defenses and to project its power abroad more effectively. Result: We now find that budget deficits and an evaporation of the public's pro-defense consensus are drawing an ever tighter circle around all our strategic options. Not only must we now replay the wasteful 1970s by cutting short production runs on dozens of weapons systems, but once again we are about to demonstrate to the rest of the world that America is incapable of sustainable long-term defense planning.

Intent: More than just a defense build-up, Americans wanted a more assertive, unilateral foreign policy, a way to make ourselves stand tall again in our leadership of the free world. Result: Our fast-growing debt to the other industrial countries has diverted our diplomatic energy into placating foreign central banks with exchange-rate agreements (already by May of this year the interventions to support the dollar amounted to a staggering \$70 billion), into jawboning foreign governments to get their people to buy more of our exports, and into pawing off our Third World financial leadership onto more solvent economies. When action requires money, we now scrape our "discretionary" budget to produce the most meager support. We spend virtually nothing to try to avert the growing risk of social, economic, and political chaos right at our doorstep in Mexico. An additional \$50 million was nearly considered too much to send to the Philippines after the 1986 democratic election of Cory Aquino. Even the Administration now publicly declares that our "foreign-affairs funding crisis" could mean "the end of U.S. global leadership." Eight years ago no one imagined an austerity-led shift toward U.S. isolationism. Now we're seeing it: an attempt to stand tall on bended knees.

Intent: Going into the 1980s, America's deepest wish was that renewed economic strength might foster a renewed cultural and ideological strength and an ethic of saving, hard work, and productivity. We wanted to replace malaise with a confident sense of forward motion. Result: As the ideological enthusiasm of 1981 has gradually been worn down by economic reality, this wish, too, has foundered, leaving many of our political leaders as defensive and uncertain as those of a decade ago—and almost relieved to have us fixated on public and private scandals.

While many in the Administration believe or act as if there is no problem—and hence no need for a solution—others want to avoid all association with the dreaded next act of the economy. The Democrats' fears show up in a darkly humorous story told by Democratic leaders: On January 20, 1989, after the inauguration, President Reagan flies off to Santa Barbara. While he is in the air, the stock and bond markets crash, the dollar plunges, and interest rates soar. When Reagan lands in Santa Barbara, he

announces to a swarm of reporters, "See, I told you the Democrats would screw up the economy!"

For the time being, the competitiveness issue remains a sort of curtain that Americans have hung between Reaganomics and the future. Neither political party dares to disturb it, for it allows every policy leader to keep our attention fixed on the trivial. For example, we are told to get furious about the trade effects of Japanese "dumping" of semiconductors or enthusiastic about the federal sale of loan assets as a way to plug the budget deficit, even though every expert denies that such things make much difference one way or the other.

The truth is that the most astonishing success of Reaganomics has been the myth of our own invincibility. This myth rests upon an enduring, bipartisan principle of American political life which in the 1980s has become gospel: never admit the possibility of unpleasantness—especially when it appears inevitable.

If you allow for unpleasantness, the mechanics of our trade deficit cease to be confusing. America runs a deficit because it buys more than it produces. By systematically discouraging measures that would boost its anemic net savings rate, the United States has acquired a structural deficit economy, meaning that at no stage of the business cycle can we generate the amount of savings necessary for minimally adequate investment. In 1986, in fact, nearly two thirds of our net investment in housing and in business plant and equipment would not have occurred without dollars saved by foreigners. (This level of investment was, to be sure, very low by historical standards, but without the capital inflows that accompanied our trade deficit in 1986 it would have been at the rock-bottom level of a severe recession year—lower, in fact, than during the recession years of 1980, 1975, 1970, and 1958.)

Washington debate over trade policy invariably neglects this elementary fact about our balance of payments: dollars that flow abroad to buy imports always flow back. (Since foreigners don't use dollars, they spend them as soon as they get them.) The only question is how our dollars flow back—to buy our goods and services or to buy our IOUs. During the 1980s we have decided that our biggest "export" should be IOUs. In 1986 we sold to foreigners, net, a total of \$143 billion in U.S. financial assets. Most of this consisted of stocks, bonds, T-bills, repos, bank balances, and other assorted paper, but a steeply increasing proportion of it was in real estate and other direct investment. This financial surplus was the flip side of our trade deficit, and if we had invested more at home, our surplus (in selling IOUs) and deficit (in selling trade goods) would have been even greater. As long as we cannot function without dollars saved abroad, exchange rates will fluctuate and interest rates will go up until we can attract those dollars back as loans. America must learn the basic distinction between capital flows for investment, which produce future return, and capital flows for consumption-related debt (for example, inflows to fund the budget deficit), which simply produce future debt service.

Correcting the current imbalance assumes that America can embark on an enormous shift from consumption to savings, and that this shift will not throw the world's economy into a tailspin, either by trade-led recessions in the other industrialized countries or by a chain of debt defaults among the less-

developed countries (against whom we will be competing for trade surpluses). The alternative to this daunting scenario, of course, is the crash: a huge plunge in the dollar, unaffordable imports, a long recession, garrison protectionism, rampant inflation, and a marked decline in American living standards. The crash alternative prescribes that we pay off our debts through indefinite poverty. Can we avoid the crash? Yes, but doing so will require Americans to produce more while consuming less, and very close macroeconomic coordination among nations.

A European critic is reported to have said this about the link between America's fiscal and international deficits: "Your policies in the 1980s remind me of Christopher Columbus's travels. Like you, he didn't know where he was going. He didn't know where he was when he got there. And he didn't know where he'd been when he got back. All he knew for sure was that the whole trip had been financed with foreign money." Or, as Fred Bergsten, the director of the Institute for International Economics, recently quipped, "We finally understand the true meaning of supply-side economics: foreigners supply most of the goods and all of the money."

How America has reached the end of an avenue with no pleasant exit is too long a story to be told here. But it is worth mentioning the key contribution made by two sweeping institutional developments that have taken place since the beginning of the 1970s. Both are what might be called changes in the rules of the game, rules that used to protect us from our own folly.

The first change has been in how we legislate federal budgets. Until fifteen years ago most federal spending was discretionary and unindexed, and federal tax policy still functioned under the very strong presumption that federal dollars spent should be paid for out of revenue. Large deficits, therefore, were difficult to achieve, because so many easy corrective options were available, both in spending and in taxing. The spending rule was eliminated in the early 1970s by our decision to transform most non-poverty benefit programs into untouchable and inflation-proof entitlements. The taxing rule was eliminated in the early 1980s by the jihad prayers of supply-side economists. Our deficit has thus become no one's responsibility. It is subject to "projection" but no longer to control.

The second big change has been the transformation of the world financial system. Back in the early 1970s we all accepted the basic postulates of the postwar Bretton Woods arrangements: fixed exchange rates and relatively little mobility of capital between nations. But the problem with fixed exchange rates was that they led to inconvenient balance-of-payment crises and didn't allow us the freedom to determine our own macro-economic fate. So we closed the gold window in 1971 and shook ourselves loose from fixed parities by 1973. By the late 1970s and early 1980s, as the dollar sloshed up and down in ever larger waves, the world financial community accommodated our proud creation, the "float," and greatly liberalized the flow of capital across borders. The inevitable result has been to give every nation—especially the United States, as the owner of the world's reserve currency—much greater latitude to borrow as it pleases, with few restrictions other than the specter of national bankruptcy in the mind of the creditor. Fifteen years ago if the United States had begun to borrow

the equivalent of 3.5 percent of its GNP from abroad, that would have created a national emergency, with Churchillian presidential addresses and wartime austerity measures. Today it creates—well, nothing, really. It's a number you can read about toward the end of the business section of your newspaper.

Most of these rule changes, with the exception of the new revenue-ignorant tax policy, took place before Ronald Reagan assumed office. Countless commentators have decided that Reaganomics represents a total reversal in inherited economic policy. But not so many years from now historians may simply be calling it an acceleration of inherited policy.

For staying the course while double-digit inflation was tamed—the only Reagan, or Reagan-Volcker, measure that seriously tested our threshold of pain—President Reagan deserves credit, as he does for courageously taking on the air-traffic controllers (which helped moderate the wage binge of the 1970s). He deserves credit as well for helping renew the popularity of markets and of entrepreneurial risk, here and abroad, and for persuading us to abandon the worst vices of regulation in such industries as airlines, banking, and energy. And he was surely correct in advocating cuts in marginal tax rates. We now know, for instance, that a maximum tax rate of 50 percent actually generates more revenue from the wealthy than a maximum tax rate of 70 percent, and provides real incentives for budding entrepreneurs. And for now, at least, Reagan has swept off the agenda such policies as national planning, wage-and-price controls, and wide-scale jobs programs.

We need, though, to be honest: as far as the basic allocation of our economy's resources is concerned, Reaganomics has either opted for or acquiesced in some of the worst, future-averting choices America has ever made, the full implications of which will not be known for years.

#### VICIOUS-CIRCLE ECONOMICS

To begin to grasp what Reaganomics has wrought, go back to the presidential campaign of 1980. It was the evening of October 28, and the eyes of many American voters were fixed on the television debate between Ronald Reagan and Jimmy Carter. Facing the camera squarely, Reagan posed his famous question: "Are you better off than you were four years ago?" The next day newspaper polls began to report a surge of support for Reagan, which led to a Reagan landslide one week later.

Now, imagine that Reagan had immediately followed up his question with this guarantee: "I promise to make you feel better. While real personal consumption per fully employed American hardly budged during the Carter presidency, I will make it rise by about \$300 per worker every year over the next six years. I'm also going to kick in another \$140 per worker per year that we in government will be spending mainly to repair the fall in our defense budget during the seventies.

"How will I do it? Well, let me tell you. I will not do it by increasing the quantity of real goods and services produced per working American to any appreciable degree. Instead, I will do it by diverting to consumption, between last year and 1986, about three-quarters of the resources per worker now devoted to savings. Half of the money will be obtained by simply cutting domestic investment, and to do this we will run enormous federal deficits—so big that the feder-

al debt the public has bought since the time of the Founding Fathers, about \$645 billion at the end of 1979, will have nearly tripled by the end of 1986. The other half will come from borrowing abroad. By 1986, in fact, our foreign borrowing alone will fund all of our net housing investment and a good 40 percent of our declining level of net business investment—freeing up by that year a fantastic \$2,100 of extra personal consumption per employed American. From the end of last year to the end of 1986 our national per-worker balance with foreigners will fall from a credit of \$989 to a debt of \$2,500; and our federal per-worker balance with creditors, wherever they are will plunge from a debt of \$6,750 to a debt of \$16,562. I'll bet you're feeling better already. Thank you and good night."

This speech might not have won the presidency for Reagan. But it would have forecast precisely the performance of the economy during the candidate's subsequent term of office.

Reagan was right in the debate with Carter: the 1970s were tough by comparison with the 1960s. He was also right in observing that lower productivity growth and higher federal-benefit growth during the 1970s "squeezed out" defense spending in favor of privately earned spending on consumption. What looks quite significant in retrospect, however, is that at least the squeezing did take place. Few Americans watching the debate in 1980 ever imagined that over the coming decade we would just decide to ignore the law that limits consumption to production.

This is, quite simply, the dirty little secret of Reaganomics: behind the pleasurable observation that real U.S. consumption per worker has risen by \$3,100 over the current decade lies the unpleasant reality that only \$950 of this extra annual consumption has been paid for by growth in what each of us produces; the other \$2,150 has been funded by cuts in domestic investment and by a widening river of foreign debt. From 1979 to 1986 the total annual increase in workers' production amounted to about \$100 billion (in 1986 dollars). The comparable total for increases in personal consumption plus government purchases was about \$200 billion. That leaves a difference of a bit more than \$200 billion—just slightly more than the increase in annual federal deficits over the past six years. Deficit spending, of course, has been the primary engine behind this consumption bacchanalia—a super-hot and super-Keynesian demand-side tilt that replaced the reviled "Tax and spend" motto of the 1970s with the new motto "Borrow and spend." In every previous decade we consumed slightly less than 90 percent of our increase in production; since the beginning of the 1980s we have consumed 325 percent of it—the extra 235 percent being reflected in an unprecedented increase in per-worker debt abroad and a decline in per-worker investment at home. This is how we have managed to create a make-believe 1960s—a decade of "feeling good" and "having it all"—without the bother of producing a real one.

We cannot, of course, go on borrowing from foreigners indefinitely to finance our consumption. Soon we must stop and, at that point, decide whether to repay them the principal or to forever commit ourselves (and our children) to pay annual interest to foreigners as the price for our 1980s binge. Nor can we go on starving domestic investment to finance our consumption. Soon we must stop and replenish the factories,

bridges, and schools we have forgone or else forever relegate ourselves (and our children) to slower growth in our standard of living. Supply-side economics without the "supply" can have only one sequel—something we may soon call vicious-circle economics.

It is therefore all but inevitable that our level of consumption must slow its climb, or even fall, while our level of production catches up. But of course the speed with which it can catch up depends in turn on how much we can invest, which depends on how much we can save.

The connection between exploding public deficits and a lower national saving rate is not absolute and unbreakable. Conceivably, we might have left overall national savings untouched if we had engineered a huge rise in private-sector savings at the same time that we embarked on a huge rise in deficit spending. In fact, however, net private savings—the net income saved by private households and firms—has been declining very sharply over the past decade (from 8.1 percent of GNP in the 1970s to 6.1 percent of GNP in the 1980s). Consequently, net national savings, which equals net private savings minus public-sector dissaving, has been declining over the past decade, from 7.1 percent of GNP in the 1970s to 3.4 percent in the 1980s. In fact, during three of the past six years—1982, 1983, and 1986—U.S. net national savings has dipped below two percent of GNP. Huge capital inflows from abroad have thus been inevitable.

The conservative stewards of Reaganomics, ironically, have themselves created the Keynesian nightmare—large and permanent deficits—they so much feared. And Americans have endured it with remarkably little protest, because, after all, if conservative Keynes-haters didn't know the dangers of deficits, who did?

Apologists for Reaganomics once claimed that "rational expectations" would lead people to increase private savings to compensate for public deficits and that the tax cut of the early 1980s would lead to a savings surge. The latter line of reasoning is legitimate and important—at the margin and over the long haul. Unfortunately, it is an idea that works well only when we tax saving less and consumption more. Most of the 1981 tax cut was simply an across-the-board cut in personal income-tax rates and thus did little to alter the relative tax burden on savings versus consumption. In any case, what is truly inexcusable is the expectation that we could come out ahead simply by cutting the overall level of taxation while still allowing federal spending to grow. When tax cuts go unmatched by spending cuts, they must be accompanied by additional public borrowing from households and firms—thus by a dollar-for-dollar reduction in otherwise investable private savings. Therefore, in a near-full-employment economy only a tiny fraction of the cut is likely to show up as additional private savings. If families and firms treat the tax cut just as they treat other income, the savings might be six or seven cents on the dollar—a tiny margin that can disappear entirely if there is a negative shift in the private sector's overall inclination to save. As we have already observed, there was such a negative shift.

Other apologists for the 1980s "boom" have claimed that there is no historical correlation between public-sector deficits in bust years and negative trade balances. Even after budget deficits had soaked up some private savings, they point out, there was still enough left over for Americans to

be net investors abroad; that's why bust years typically brought us an improvement in our trade balance. Evidence that this time-tested pattern no longer obtained, however, was already surfacing in 1982, when the steepest recession in thirty years was accompanied by such large-scale federal borrowing that our current account—the ledger of our financial transactions with foreigners—did not break even. Since then we have been sailing in uncharted waters: a cyclical recovery accompanied by enormous and widening foreign-capital inflows.

Some apologists for the 1980s have gotten so carried away with the idea of market expectations—Reaganomics is all about psychology and expectations—that they can justify any catastrophe by references to a rosy future. Alan Reynolds, the supply-side guru, believes that heavy foreign borrowing is a sign of economic strength. He has compared our huge current-account deficit today to Japan's big trade deficits in the 1950s, claiming that what the two situations clearly have in common is buoyant growth expectations. Although some U.S. observers in the 1950s were dubious about the wisdom of Japan's foreign imbalance, "in retrospect, U.S. worries about Japan's trade deficits look rather foolish." Likewise for the United States today. "What has happened in the 1980s," Reynolds writes, "looks like a reversal of roles, with the U.S. becoming the relatively vigorous tax haven, attracting foreign capital and goods, while Europe and Japan slip into the stagnant, export-dependent role that the U.S. experienced in the Eisenhower years."

The argument is half right. Japan was a capital importer in the 1950s, because it was a rapidly growing economy—more than that, it was a country literally reconstructing itself after a war that had largely wiped out its industrial base. It borrowed abroad to finance a higher investment level than would have been possible by relying on its already hefty savings rate alone. The result was an incredible net investment rate of well over 20 percent of GNP. Did such capital inflows make sense? Of course, for they rapidly paid for themselves in increased economic output. From 1950 to 1960 the Japanese economy grew at an average real rate of nearly 10 percent a year; real net output per worker grew at the extraordinary rate of 6.6 percent a year. The relative burden of financing the nation's foreign-capital inflows (which ceased by the mid-1960s) thus fell over time.

The parallel between the United States and Japan, however, utterly escapes me. Over the course of the 1980s the U.S. investment rate has been the second-lowest in the industrialized world (just above Britain); meanwhile, the rate of growth in our real net output per worker, absolutely the lowest, has averaged about 0.4 percent a year. That is less than one-fifteenth of what the Japanese were experiencing thirty years ago. Japanese productivity in the 1950s, in other words, grew more in nine months than ours now grows over ten years. And unlike Japan, we have been borrowing abroad for consumption, not investment.

To find the proper historical parallel for the United States in the 1980s we should not look to Japan in the 1950s, nor should we look to our previous experience with heavy borrowing from foreigners. That was in the 1870s, when we issued bonds (at half the current interest rate) to Europeans in order to finance our huge investment in railroads and heavy industry. Instead, we must look to those rare historical occasions when

an economy's large size, its world-class currency, and its open capital markets have allowed it to borrow immense sums primarily for the purpose of consumption and without regard to productive return. The illustrations of lumbering, deficit-hobbled, low-growth economies that come most easily to mind are Spain's in the late sixteenth century, France's in the 1780s, and Britain's in the 1920s.

So there we have it: a conservative Republican Administration that promised us a high-savings, high-productivity, highly competitive economy, with trade surpluses, and gave us instead a torrid consumption boom financed by foreign borrowing, an overvalued currency, and cuts in private investment, with debt-financed hikes in public spending and huge balance-of-payments deficits. It's the same script, proceeding toward the same woeful finale, that we have seen played out over the years by many a Latin American debtor. As one wit has put it, just as the 1970s saw the "greening" of America, the 1980s is seeing the "Argentinizing" of America.

Now let us examine the pieces of this fiscal debacle in more detail. We will turn first to the critical near- and medium-term challenge of reducing our foreign-credit inflow—and, at the same time, of coping with the harsh policy choices and the danger of global crisis that must accompany such a reduction. Then we will take a longer-term view of the inexorable link between investment and living standards. Finally, we will discuss the manner in which American public policy treats our future. If before the 1980s this manner was one of neglect, today it borders on open contempt.

#### "OWING IT TO OURSELVES" NO LONGER

How much, exactly, do we now owe the rest of the world? Officially, our net position (what we are owed minus what we owe) at the end of 1986 was a negative \$264 billion. By the end of 1987 we will be closing in on a negative \$400 billion. The incredible speed of America's transformation from creditor to debtor can hardly be exaggerated. Only six years ago, at the end of 1981, the United States had achieved its all-time apogee as a net creditor, with an official position of a positive \$141 billion. Over the past six years in other words, the United States has burned up more than \$500 billion, net, by liquidating our foreign assets and by borrowing from abroad. That's an immense flow of capital, even in global terms. By 1986 our net borrowing had dwarfed the fabled bank recycling of OPEC surplus after the oil price hikes of 1973 and 1979. The sum was twice the size of all foreign interest payments by all the less-developed debtor nations, and about half the approximate dollar value of total net investment in all less-developed countries combined.

What does the future have in store for a nation that is borrowing such sums from foreigners? As a net debtor of growing proportions, the United States must inevitably become a sizable net exporter of goods and services. (I repeat: exporter.) This proposition is just a matter of arithmetic. Since our indebtedness cannot grow indefinitely as a share of our GNP—beyond some point, foreign creditors will regard us as a growing credit risk, a risk that must be compensated for by prohibitively high interest rates—our current-account deficit must eventually decline substantially. And when that happens, we will have to export more than we import in order to service our deficits on interest and dividend payments to foreigners. Just to

say that something is inevitable, of course, does not tell you when it will happen. But I think it's fair to say that the growth of America's foreign debt may push us—painfully—to a current-account balance and a trade surplus by the mid-1990s, and almost certainly will do so by the year 2000.

Our opportunity for a relatively smooth readjustment is perilously narrow. On the one hand, it seems likely that the rest of the world will grow reluctant to keep lending to the United States once our net indebtedness rises much beyond 35 percent of our GNP, or a bit more than \$1 trillion at today's prices. Some experts suggest that this debt may entail net U.S. debt-service payments equivalent, as a share of exports, to those of many developing nations and about on a par with Germany's reparations burden following the First World War. The experts agree that it is quite impossible for the United States to go on indefinitely borrowing principal at or near its current rate of 3.4 percent of GNP per year. Such borrowing, combined with accumulating debt-service costs, would dictate an absurd \$3 trillion in net debt by the end of the century, and foreign investors would close down the pipeline long before we got there.

On the other hand, it is practically inevitable that our net debt will reach the \$1 trillion mark by the early 1990s no matter how vigorously we act to stem the inflow of foreign savings. Obviously, there are limits to the speed with which the United States can curtail consumption and generate growth in net exports. Consider, for instance, a scenario in which the United States, starting next year, makes steady additions to the value of its net exports such that its current account reaches zero by 1994 and its net debt is reduced to today's level by the year 2000. That sounds like a rather modest achievement. Yet it will still lead to a net debt of about \$1 trillion by 1994 and will require a real improvement in U.S. net exports of more than \$20 billion a year, each year, for the next ten years, or a total positive shift of more than \$200 billion. As Fred Bergsten has observed, the magnitude of the necessary adjustment facing us is equivalent to about two-thirds of our entire defense budget and is several times larger than the total shift resulting in the United States from the 1970s oil shocks.

According to the adjustment scenario above, we need to reduce our foreign borrowing stream by \$20 billion yearly, or \$200 yearly for each of our 100 million workers. Yet real net product per worker has been growing each year by just \$135. Further, our continuing debt growth will mean that about \$40 per worker per year must be devoted to rising foreign debt-service payments. And to increase productivity sufficiently to raise net exports will require at least our 1970s level of net investment at home—an additional \$60 per worker per year over a decade.

So where are we going to find, each year, the extra \$20 billion in unconsumed exportable production necessary to make this readjustment scenario work? Over the next decade, with only \$35 per worker available (\$135, minus \$40, minus \$60), consumption per worker in the United States may have to decline by \$165 each year. That's \$1,650 overall for the average worker, and of course we can expect those Americans with the most vulnerable incomes—minority workers, young adults laboring under two-tier contracts, and service employees who receive no benefits—to suffer losses that are far greater than average. Neither the Amer-

ican public nor the nation's politicians have even begun to face this prospect. In comparison, during the 1970s—a decade now known to most of us as "hard times"—U.S. consumption per worker nonetheless rose by \$200 each year. What the early 1980s gave us, the 1990s may well take away.

In what exports, specifically, is the United States going to see the enormous gains it must achieve to lower its trade deficit? First of all, we can forget about any major contributions from the 22 percent of our trade exports now composed of agricultural goods and raw materials. The \$25 billion trade surplus we had in agricultural exports in 1981 shrank to \$3 billion last year. Over the past decade the European Economic Community has raised its grain balance, improbably enough, from a deficit of 25 million tons to a surplus of 16 million tons. India, Pakistan, and China have all become net farm-product exporters. Even the Soviet Union now seriously asserts the breathtaking goal of becoming a net food exporter by the year 2000. We will therefore be lucky to slow the current decline in our agricultural balance. Much the same goes for raw materials.

As for oil imports, nearly all experts expect that declining U.S. production will push our current 25 to 30 percent dependence on oil imports to 50 to 60 percent during the 1990s, and at higher prices. Philip Verleger, Jr., a visiting fellow at the Institute for International Economics, estimates that the value of our oil imports will rise from \$44 billion in 1985 to \$120 billion or \$130 billion by the mid-1990s. The 1980s have been happy, quiescent years from an energy standpoint, but we may, in the 1990s, again face some of the energy turbulence of the 1970s. The \$70 billion real improvement (in 1986 dollars) in the energy balance that Americans have enjoyed since 1980, in other words, will reverse direction. Let's be optimistic and assume that our annual total a farm and raw-materials balance for the foreseeable future will decline by only \$10 billion per year. That means we need a good \$30 billion yearly improvement in the remaining 75 percent of our exports—namely, manufacturing.

Some critics balk at this point and complain that this logic unfairly omits our exports in services. According to a recent *Fortune* article titled "The Economy of the 1990s," the United States will improve its balance on services by \$125 billion between now and the year 2000. This service surplus, like some *deus ex machina*, is supposed to more than pay the debt service on what *Fortune* admits will be a "debt mountain" of some \$1 trillion by the mid-1990s. This analysis confuses a large flow of services that are actually debt service (for example, the payment of interest and dividends) with a much smaller flow of services that are actually current production (for example, travel, shipping, and insurance). We already know what will happen to the balance on the former type—it's going to go deep into the red. And U.S. exports of the latter type, unfortunately, are both too small (a total of \$49 billion in 1986) and too inflexible to make much difference. Two-thirds of these exports consist of shipping, transportation, and travel; the rest consist of business services that usually accompany trade exports. In fact, since so many of our high-tech service exports are linked to manufacturing exports, it strikes me as virtually meaningless to project one without the other.

Let's be optimistic and assume that service exports will eventually grow by fifty percent. That still leaves us with a need to in-

crease our manufacturing exports by \$275 billion, or achieve a real annual growth rate of 10 percent over the next decade. Can we emulate Japan and sustain such a prodigious performance in manufacturing over so many years? Perhaps we can, but the prospect seems daunting. So far in this decade our manufactured exports have actually declined in real terms, but over the coming decade we will be aiming for a higher export growth rate than we have yet achieved in the twentieth century. In every respect the achievement would be unprecedented: we would have not only to break our earlier record but to do it with a lower average level of domestic business investment, with a complete freeze on imports, and with steadily declining living standards.

Any way one looks at it, the arithmetic is cruel and inescapable. It's hard to imagine huge growth in our manufacturing output, for instance, without a very large increase in domestic business investment. But to further increase investment at home we may have to undergo a further decline in consumption, in order to hold constant our net export improvement. And, clearly, we are not going to see any decline in consumption in favor of saving unless there is a radical change in our public policy, especially our fiscal policy (something I will discuss later on), and in our politics as well.

There remains, moreover, yet another problematic assumption in our readjustment scenario: the willingness, or even the ability, of the rest of the world to absorb our proposed huge increase in manufacturing exports. Current thinking on this problem seems to grow out of two separate theories. One theory emphasizes foreign economic growth, the other exchange rates.

The foremost proponent of the first theory is the Reagan Administration, which has repeatedly insisted that higher rates of growth abroad—particularly in the stagnant-demand economies of West Germany and Japan—will solve our problem. This is worthy idea but hardly a solution. Consider, for instance, a sustained one-percent real increase in economic growth in the rest of the world—say, from about the current 2.5 percent to 3.5 percent (surely we cannot expect more). Then imagine that all this growth is purely domestic. Using rosy "multiplier" assumptions, we could get a two- or even four-percent real increase in exports. Recall, however, that we need a 10 percent real increase.

The second theory, to which many economists subscribe, is that any level of net export improvement is possible as long as we endure a "sufficient" decline in the exchange rate—that is, a continued fall in the value of the dollar relative to other currencies which will make our goods more attractive to foreign buyers.

Experience demonstrates, however, that exchange-rate adjustment also has its difficulties. Over the past few years nearly all economists have been humbled by how far they had overstated the extent to which world trade balances would adjust to the recent fall in the dollar. Given this track record, it is cause for deep reflection that forecasts now being made in major think tanks say that even a 25 percent further devaluation of the dollar will be lucky to push the annual U.S. current-account deficit much below \$100 billion over the next few years. The underlying problem might be posed as follows: even if we accept a lower dollar, which I believe to be virtually inevitable, will economies in the rest of the world accept it? The challenge facing America—

generating a \$275 billion positive swing in manufactured exports over the next decade—sounds tough enough without worrying about whether our trading partners will accommodate our necessities. Yet we often forget that our objective of huge yearly increases in U.S. net exports translates directly into decreases in the net exports of our major trading partners (recently the very source of much of their growth). It's not just a question of our resolve; it's also a question of their resolve, something over which we have little or no control.

What we hope, of course, is that our trading partners will accept our agenda. In general, we want them to raise the demand for goods and services in their countries at the same pace at which we are suppressing demand, with smaller fiscal deficits and higher private savings rates, in our own country. Specifically, we hope they will stimulate their domestic demand with looser fiscal policy, keep their currency strong with restrained monetary policy, and pull down import barriers so that U.S. exports can expand with minimal pressure on exchange rates. Our unspoken assumption is that once we decide to act, they can be expected to cooperate.

In reality, foreign economies may be otherwise inclined. Instead of loosening fiscal policy, they may continue to tighten—raising their own national savings rates in tandem with ours even at risk of a collapse in global demand. And instead of embracing a lower dollar, they may continue to resist it, either by pushing their exports harder (with price cuts and aggressive marketing) or by discouraging imports (with official or unofficial import barriers or simply a social consensus not to "buy American"). Either way, readjustments may entail risks that persuade all parties to abandon the effort. In the former case the risk is worldwide economic stagnation. In the latter the risk is a precipitous fall in the dollar and the danger of financial panic.

Why might our trading partners not want to cooperate? For one thing, foreign leaders may be slow to believe that the United States will do what it says it intends to. Look at it from their point of view. Ever since 1983 the United States has been assuring the rest of the world that it is just about to cut back on its budget and current-account deficits and that other countries should therefore immediately begin stimulating their domestic demand in order to "pick up the slack." Other countries have responded with caution, and in retrospect—the U.S. deficits having grown rather than shrunk—their leaders must now be glad they were cautious. They still have their exports, they still have their productivity growth, and they still have stable prices.

Given the recent sharp fall in the dollar, many Americans figure that our trading partners have begun to see the handwriting on the wall. Surely, we think, Europe and Japan must soon opt for large-scale domestic stimulus in their own interest—especially when it means the instant pleasure for their own citizens of more disposable income and more consumption. Yet here we confront a deeper issue—the vast differences in culture, history, and politics which make it just as hard for other industrial countries to do what we find natural (stimulate consumption) as it is for us to do what they find natural (stimulate savings). We find inflation worth risking, but the West Germans, scarred by the memory of the 1920s, would rather risk recession. We find it easy to sacrifice exports on the altar of the high

dollar, but the Japanese, who have spent generations fighting to earn dollars to pay for their food, raw materials, and oil, find the equivalent idea tantamount to economic surrender (particularly considering their long-sought, stunning manufacturing trade surplus of \$150 billion, or about eight percent of their GNP). The necessary reversals in national economic direction are profound. If we assign Japan one third of the needed adjustment, for example, or \$50 billion annually by 1994, this would amount to eight percent of its total manufacturing output (in a negative direction). To those who argue that Japan adjusted successfully to two oil shocks, and so can handle this challenge, I argue that those shocks required the Japanese to do more of what they had always been doing (namely, exporting), while the present predicament will require them to do less. American leaders think that stimulating domestic demand is child's play. Most leaders abroad do not. They are, in fact, extremely doubtful that their consumers will be able to pick up where exports to America leave off.

To allay doubts about our intentions, we must change our policy in credible and irrevocable ways, and announce these changes ahead of time. Readjustment becomes sticky when, even in the face of changing prices, foreign exporters hope to preserve their sunk costs, their hard-won market shares, and their relentless productivity and cost-reduction efforts—as Americans hooked on imports hope to preserve their buying habits. Those hopes are our enemy. We cannot cloud the air with chatter about painless global growth when in fact we are asking exporters abroad and importers at home to endure inevitable hardships.

Second, to eliminate uncertainty about the implications of our policy, we must talk realistically about a genuine transformation of the world's major political economies. "Fair trade" (whatever that means) isn't really the point. Our objective is to raise U.S. exports so that we avert a tragedy that threatens everyone—a global crash. Finally, to encourage political as well as economic balance in the world, we must renounce our recent policy of "global Keynesianism"—the policy of being everyone's buyer of last resort. The merchantist aggressions bred by such a policy, including retaliatory protection and games of "chicken" with exchange rates, have themselves become a major obstacle to readjustment. Confidence, not fear, is the best way to get foreigners to retool their export plants for their own domestic markets.

If we simply proceed with the "business as usual" approach to the world's growing imbalance, America's foreign creditors will ultimately become aware that the situation is unsustainable. At that point anything, from a small decrease in the value of the dollar to a mild political crisis, could cause investors around the world to decide to rid themselves of dollar-denominated assets. If the resulting plunge in the dollar's exchange rate persuades ever larger numbers of investors to follow suit, the "dollar overhang" might at last turn into the worst freefall nightmare of Paul Volcker, the former Federal Reserve chairman: an avalanche pouring down on the dollar's financial capitals, from London to San Francisco.

The United States, in response, would have little choice but to raise interest rates sky-high, in order to attract at least some investors to the dollar to finance our budget deficits. We would also have to acquiesce in

a long and almost deliberate recession, both to shut down most of our foreign borrowing (in a matter of months rather than years) and to suppress U.S. demand for imports. Actually, the recession is likely to be of the "stagflation" variety, since higher import prices may double our inflation rate even before we prime the pump. The peak-to-trough downturn could be quite steep indeed and could easily become our most severe economic crisis since the 1930s. Nor have I yet mentioned how the razor-edge plight of many less-developed debtor nations will add to the danger. Every forecast I have seen warns that the largest South American debtors will be pushed from illiquidity to insolvency by a far milder recession, and far smaller interest-rate hikes, than those envisioned here. Many have even suggested that spreading defaults among less-developed countries may precipitate the crisis.

No one knows, of course, how long such a hard landing would last. It is possible, I hope, that it would be limited to a financial crunch followed by a severe but brief recession, rather than a lengthy depression. The economy could recover with relatively moderate increases in world unemployment, but surely the value of the dollar would be much lower and U.S. import levels would be much reduced. This is what I call the "bumpy start-and-stop" scenario—the one that has afflicted postwar Great Britain. Under this scenario the standard of living in the United States would have dropped, its indebtedness would be little changed (but no longer growing), its international responsibilities would be necessarily curtailed, and its people would be aware, through occasional jumps in interest rates and the yo-yo behavior of the dollar, that their economic fate was hostage to the tenuous and nervous confidence of outsiders. The British economist Michael Stewart recently observed that "anyone who has lived through our 40 years of balance of payments crises, and seen the constraints they have imposed on domestic policies, must stand amazed at the insouciance with which the United States is piling up external debt." These constraints, of course, were not only domestic; they also hobbled British foreign policy—most dramatically in the Suez crisis of 1956, when the United States, which held reserves of British sterling as foreigners hold our dollars today, warned the British that we would declare war on the pound if they did not stop their invasion of Egypt. So much for the perils of dependence on foreign investors.

Should we have the worst hard landing—a lengthy U.S. depression—let us simply be forewarned that our traditional policy responses would be of limited use. Hardship-bloated budget deficits would prevent us from applying more fiscal stimulus; a low and skittish dollar would defy our attempts to loosen monetary policy. Whereas the "start-and-stop" landing presumes that Americans could pay for their debts by a one-time shock in living standards, and thereafter by slower productivity growth and reduced international leadership, the true-depression hard landing presumes that Americans would service and pay off their debts through indefinite impoverishment. Either scenario could, of course, lead to a resurgence in state control over the economy (on a scale that might put Jimmy Carter's credit controls to shame)—an ironic last act in an opera that opened with the chorus singing praises to *laissez-faire*.

Some observers play down the possibility of such a crisis. They point to the apparent

ease with which the world has so far endured a substantial decline in the dollar's value. Clearly, however, the easy stage is now coming to an end. In trade, the dollar has now reached the point at which further declines can no longer be absorbed by exporters' profit margins and will leave no foreign alternative other than structural change or economic stagnation. Just as the American economy has since 1980 suffered the trauma of de-industrialization, so the Japanese economy has begun to suffer from what some Japanese call the "hollowing out" of their industries—worker layoffs, unused capacity, and a scramble toward off-shore assembly. In finance, further dollar declines are likely to be accompanied not by lower U.S. interest rates, as in the past, but by unchanged or even higher interest rates, as we experienced last spring. This will present the Fed with a no-win choice between defending the dollar and loosening credit. And it will hit foreign investors with the double whammy of further exchange-rate losses compounded by losses in bond-market values. The preconditions for a dollar-dump panic, in short, may already be moving into place.

Of course, one hopes that Americans will never have to live through these dismal outcomes. But avoiding them will take great effort—not just in changing policy but ultimately in changing our very self-image and in persuading our trading partners to change theirs. Japan's problem, a senior official there told me recently, is global-asset management; ours, alas, is global-debt management.

The financial expert David Hale has written, "The U.S. is a debtor nation with the habits of a creditor nation while Germany and Japan are creditor nations with the habits of debtor nations." Needless to say, America must soon change its habits, including its fixation on creative consumption. Our ability to do so safely, however, will depend on more than just our own hard work and determination. It will also depend on whether we can persuade our trading partners to change their habits, at the same speed and at the same time that we are changing ours.

#### TURNING AWAY FROM POSTERITY

Our growing foreign debt and trade deficit not only threaten a sacrifice in our consumption levels but also symptomize our unwillingness to acknowledge a deeper and more long-standing disease: a steady thinning out of those activities and attitudes that tend to generate, over the long term, a rising level of productive efficiency. When the seriousness of this problem became increasingly apparent, during the 1970s, we should logically have chosen to allocate fewer of our resources toward consumption and more toward investing in productive physical and human capital. Instead, under a supply-side banner, we have blindly chosen to do the opposite.

Does it matter that our productivity is growing only a fraction as fast as it was in the 1950s or 1960s? Indeed it does. To recognize some of the consequences, we have only to consider that to end foreign borrowing with no change in per-worker consumption or domestic investment will take us twelve years of productivity growth at the current rate. The same task would take us only a bit more than three years at the growth rate of the 1960s or only a bit more than two years at the rate of the 1950s. To put it another way: Our per-worker flow of foreign borrowing, as we have seen, is now running at about \$1,350 a year. But whereas the net

product per worker that is left after we service our debt, and that we can apply to reducing our current-account deficit, is rising by only \$95 a year now, it would be rising by \$630 a year at 1960s growth rates and by \$985 a year at 1950s growth rates.

Yet it would be wrong to see productivity differences solely in terms of our foreign balances. Far more important is the role such differences must play in determining long-term growth in our future living standards. The cumulative impact of small differences in yearly growth rates cannot be underestimated. Consider the year 2020, when those who are now infants will be in the prime of their working life. If productivity growth proceeds at its 1980s rate (and does not decline still further), the average worker in 2020 will be producing \$40,100 worth of real goods and services, only about 14 percent more than his or her parents are producing today (\$35,300). Under the smoothest-possible-readjustment scenario already described, which would result in declining per-worker consumption through most of the rest of this century, even by 2020 his or her yearly consumption will have risen only eight percent above the 1986 level.

America's standard of living, for the first time in its history, will have hardly budged for a span of forty years. The 1980s and 1990s may be remembered, with bitterness, as a turning point in America's fortunes—a period of transition when we took the British route to second-class economic status. Britain's decline took seventy-five years of productivity-growth rates that were half a percentage point lower than those of its industrial competitors. Because America's corresponding gap is more than three times as large, its relative decline is proceeding far more swiftly.

If, however, U.S. productivity now started growing again at the 2.4 percent average rate that prevailed during the 1950s and 1960s, miraculous though that would seem, our sons and daughters in 2020 would each be producing \$77,200 worth of real goods and services—some 120 percent more than their parents are each producing today. Consumption standards would rise by nearly as much, since we would have been able both to close our foreign-borrowing gap and to recoup our foreign liabilities by the early 1990s. In this case our grandchildren would look back on us as relative paupers, and by 2020 Americans would be enjoying buoyant prosperity and widening social opportunities in a nation that would still be a leading force in the world's economic and political affairs.

Understandably, most Americans do not want to confront the painful idea that we are headed toward the wrong future. Yet that is the melancholy fact of the matter. What is less understandable is the strident defense that so many opinion leaders offer for our present course. We hear time and again that the U.S. economy in the present decade has grown "as fast as" or "faster than" the collective economy of the rest of the industrial world. So far as this claim goes, it is correct. From 1979 through 1986 real U.S. GNP grew by a rate of 2.1 percent a year—about the same growth rate as that of the collective GNP of all other industrial nations. However, in the United States most of the growth (70 percent) was due to increases in the number of workers, while in the other countries most of the growth (85 percent) was due to increases in output per worker.

The rapid growth in U.S. employment has partly been the consequence of an entrepreneurial and new-business surge, the flexibility of our labor markets, and several booms (for example, a consumption boom, providing jobs in distribution; the health-care-for-the-elderly boom; the home-services and eating-out boom; and the postwar Baby Boom, which has no counterpart in other countries). According to a recent Commerce Department report, from 1981 to 1986 the equivalent of nine million full-time jobs were created. And yet, contrary to the widespread impression, this represents a job-creation slowdown; over the previous six years the equivalent of 14 million full-time jobs were created.

In any case, this kind of growth must cease within a few years, when all the Baby Boomers are employed, and reverse itself in future decades, when young adults will be scarce and retiring workers even more plentiful. More important, it is not the kind of growth that raises our standard of living. Augmenting production by adding more working bodies (what classical economists used to call the "dismal" Asian model) does not enhance the standard of living. Only augmenting production per working person does that, and Europe and Japan do that far more successfully than we do. The employment of the largest and best-educated generation of Americans in history should have caused U.S. GNP to rise far faster than GNP in any other country—as it should also have pushed up our savings rate, since presumably this working generation of young adults will want to allocate some of the extra production to provide for their children and their own retirement (as the Baby Boom becomes the Senior Boom). Instead, with the part-time nature and much lower value-added character of many of the new jobs, we have barely managed to keep pace with the GNPs of our competitors, and our savings rate has declined. This is not success but a large-scale admission of failure.

Yet it is surely true, the optimists say, that productivity growth and investment performance in the other industrial countries have declined sharply over the past fifteen years, and this must mean that we are doing better than they are. Not really. Because the performance of the other countries was so superior to begin with, and because our own performance has also fallen, product per worker is still growing considerably faster abroad than here in the United States.

How have these economies managed? The most apparent factor has been much higher investment levels. Here, Japan is the leader. From the 1960s to the 1980s its total net investment as a share of GNP (including investment in public infrastructure as well as in all private structures and equipment) has fallen from 22.6 percent to 16.1 percent; the latter figure, however, is still three times larger than the equivalent U.S. figure for the 1980s (5.3 percent). In fact, at 1986 exchange rates (as the dollar falls, the comparison is getting worse) Japanese net investment in 1986 amounted to \$300 billion, while U.S. investment amounted to only \$270 billion. (This has been the result, in part, of a cost of capital in Japan that has consistently been less than half ours—a situation not at all helped by the 1986 Tax Reform Act.) It is a spectacle that ought to shock Americans: a population half the size of our own, living on a group of islands the size of California, is adding more each year to its stock of factories, houses, bridges, and laboratories—in absolute terms—than we

are to ours. And Japan still has savings left over, about \$80 billion in 1986, to lend to thrifless foreigners. (About \$50 billion of that sum was lent to us.) Between the two countries, therefore, the 1986 disparity in net savings (\$380 billion in Japan versus only \$125 billion in the United States, a six-to-one per capita difference) was even more lopsided.

For years many U.S. experts have been predicting that the relative productivity-growth advantage of the other industrial countries would soon slow down. Back in the 1960s and early 1970s such predictions were based on the "postwar reconstruction" thesis. Industrial phenomena like Japan and West Germany, it was said, were growing faster merely because they still had to "replace" the capital stock they had lost in the Second World War. More recently this line of reasoning has been abandoned, because it obviously cannot explain why these countries have replaced more of their business plant and equipment several times over since the early 1950s. In Japan, to take the extreme example, there is hardly a single factory now standing that has not been built, rebuilt, or entirely re-equipped since the mid-1970s. Indeed, each Japanese worker is supported by more than twice the plant and equipment that supports his or her American counterpart. A new argument, therefore, has become popular. This is the so-called convergence thesis, according to which other countries are getting a free ride by copying American technological breakthroughs. Once the other countries reach our level, it is said, their productivity growth must slow down sharply. At that point they will have to do the same tough "pioneer" work that we do.

The convergence thesis makes sense only if we assume that the other countries' overall disadvantage relative to the United States is spread about equally across economic sector, and that it is especially marked in manufacturing, where technology presumably is most important. Unfortunately, this assumption isn't plausible. Most economists agree that America's remaining absolute advantage is due mostly to superior productivity in agriculture, raw materials, and services, and that little if any of it is now due to superior productivity in manufacturing.

Instead of hoping for convergence, we Americans ought to recognize that we are already getting beaten in manufacturing. We must also recognize that over the foreseeable future the biggest productivity-growth opportunities in Europe and Japan will lie in improving efficiency in agriculture and services—something that requires no big research-and-development breakthroughs and could occur with disquieting suddenness.

The defenders of Reaganomics, of course, protest against any such conclusions. The growth of U.S. manufacturing productivity, they claim, has been one of our great achievements in the 1980s. And now that the dollar is back down where it was when President Reagan took office, American exporters will no longer have to compete against absurdly cheap foreign labor costs. The future, then looks bright.

But does it really? True enough, U.S. manufacturing productivity has recently run against our economy's declining trend. For example, from 1979 to 1985 Ford reduced its global employment by nearly 30 percent while reducing its car and truck output by only about five percent. Overall growth in manufacturing productivity rose from a

yearly average of 2.3 percent in the 1970s to nearly 3.2 percent in the 1980s. What the optimists do not point out, however, is that such numbers are the perverse if pro-competitive result of seven catastrophic years for U.S. manufacturers—two domestic recessions (1980) and 1982–1983) followed by a high dollar export recession (1984–1986).

Still less do the defenders of the 1980s want to point out that U.S. manufacturing productivity, even with the help of its recent job-slashing acceleration, grew more slowly during the 1980s than the average for our major industrial competitors. And far from granting slower real pay raises, foreign manufacturing exporters have been using their productivity advantage to grant their workers much larger pay raises than firms in the United States have done. Since 1969 real manufacturing pay has risen by only 17 percent in the United States, but by a colossal 115 percent in Japan.

The fact that U.S. wages have grown even more slowly than U.S. productivity certainly reflects the adverse exchange-rate climb of the dollar during the early 1980s. But since the gap in wage growth was already apparent at the end of the 1970s—before the dollar's long climb—some experts suggest that it may also reflect a negative shift in the image of U.S. goods for quality and reliability. Our decline in underlying competitiveness, in other words, may be even greater than what the output-per-worker numbers indicate. For this reason the recent emphasis on quality by many U.S. manufacturers can only be regarded as gratifying.

A final defense of our economic performance in the 1980s rests on the sweeping claim that none of this "smokestack" productivity matters anymore because our economy will henceforth thrive on our alleged global monopoly on information and inventions. Pure products of the mind have limited appeal as final consumer products, however, and so one wonders how they can generate wealth unless we have the capability—the plants, tools, and production skills—to turn them into salable goods and services. Perhaps, it is said, we could sell this intellectual property directly to foreigners. A good idea, but the numbers hardly indicate that such sales could ever drive our economy by themselves. In 1986 our total net receipts from royalty and licensing contracts with unaffiliated foreigners (including movie and TV rights) amounted to about \$1.5 billion, or about four tenths of our GNP. And in inflation-adjusted dollars our receipts of this kind have actually been declining over the past decade.

Knowledge and innovation, to be sure, are an absolutely vital precondition for long-term economic growth. But we Americans tend to overrate the significance of our leadership here. We forget that intellectual glitz and scientific glory do not always translate into the humble, wealth-generating chores of commercial innovation. Although we like to point out that we lead the world in the share of GNP that we devote to research and development, we neglect to add that much of this is devoted to obscure weapons R&D that leads to few commercial spinoffs. In civilian R&D we lag behind both Japan and West Germany. We should be pleased with the rapid growth of venture and equity financing for small high-tech businesses during the 1980s, but we should also be cautious: thus far we have seen no comparable surge in small-business R&D, no reversal in the downward trend in U.S. patent applications, and no resurgence in high-tech ex-

ports. As for U.S. universities, they are indeed a global showcase for Nobel laureates and pathbreaking research. Yet most of the brilliance emanating from our universities is as freely available to foreigners as it is to our own citizens.

More important, it is hard to imagine any long-term economic renaissance—especially one built on “working smarter”—without a determined investment in the most precious of our assets: the skills, intellect, work habits, health, and character of our children. Yet this is precisely where we may be courting our most catastrophic failure. In the words of one analyst cited by the 1983 National Commission on Excellence in Education, “For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, will not even approach, those of their parents.” Recent trends indicate that each year the typical American child is increasingly likely to be born in poverty and to grow up in a broken family. And a study by the Committee for Economic Development points out that without major educational change, by the year 2000 we will have turned out close to 20 million young people with no productive place in our society. The CED study continues, “Solutions to the problems of the educationally disadvantaged must include a fundamental restructuring of the school system. But they must also reach beyond the traditional boundaries of schooling to improve the environment of the child. An early and sustained intervention in the lives of disadvantaged children both in school and out is our only hope for breaking the cycle of disaffection and despair.” Our children represent the furthest living reach of posterity, the only compelling reason that we have to be serious about investing in the future. And we are failing them.

#### THE POLITICS OF DEBT

There is no question that Federal fiscal policy deserves much of the blame for our national failure to invest during the 1980s; recall that the 1986 federal deficit consumed the equivalent of 90 percent of all private-sector savings that year. On the one hand, opinion polls consistently show that the American public overwhelmingly favors, in theory, a balanced budget. On the other hand, serious attempts to reduce the deficit continue to encounter, in practice, enormous bipartisan resistance. Congress and the Administration invent countless reasons why solving the problem can be postponed just a bit longer or why the deficit can't really be doing us that much harm.

We have little time left to get beyond such rationalizations. It is sometimes asserted that our economy's saving behavior would be pretty much the same today without a federal deficit. But, again, consider the numbers. During the 1980s we have succeeded in nearly tripling the national debt, from \$645 billion (at the end of fiscal year 1979) to \$1.745 trillion (at the end of fiscal year 1986). We have, in addition, saddled ourselves with an informal debt of nearly \$10 trillion in unfunded liabilities in Social Security, Medicare, and federal pensions. That astronomical figure is the difference between the benefits today's workers are now scheduled to receive and the future taxes today's workers are slated to pay for them. It amounts to a hidden tax of \$100,000 on every American worker, and its toll will be exacted on our children.

For Americans to believe that their national balance sheet is in the same shape now as it used to be, they would have to believe that the enduring investments made

by the federal government during the past seven years are comparable to all those made during the preceding two centuries—including the taming of the frontier, victories in several wars, the Marshall Plan, miracle vaccines, the Apollo missions, Grand Coulee Dam, and the interstate highway system.

From fiscal year 1979 to 1986 federal revenue fell from 18.9 percent to 18.5 percent of GNP, while federal outlays rose from 20.5 percent to 23.8 percent of GNP. Why has federal spending risen? The big growth areas over the past seven years have been defense, entitlement benefits, and interest on our national debt; all other spending has been cut back dramatically. Over the longer term, however, entitlement benefits dominate the picture. Since 1965 they have grown from 5.4 percent to 11.5 percent of GNP; all other spending excluding interest (which simply represents the permanent cost of cumulative deficits) has declined from 11.0 percent to 9.5 percent of GNP. This growth in entitlements over the past twenty-one years is equivalent to 6.1 percent of GNP—an amount greater than the entire investment we currently make in all business plant and equipment, plus all civilian R&D, plus all public infrastructure. Even defense spending, as a share of GNP, has risen only half as much during the 1980s as it declined during the 1970s. At 6.6 percent of GNP in 1986, defense spending is still lower than it was in any year from 1950 to 1973.

Our budget-cutting efforts during the 1980s have failed because they have allowed continued growth in the one type of spending—for entitlement benefits—that had already risen to unprecedented heights. Even where the 1980s budget ax has fallen hard, the major victims have been precisely those rare federal programs whose purpose is physical or human investment rather than consumption.

This last point is worth emphasizing, for it explains the unique vulnerability in recent years of that small area of the federal budget called discretionary non-defense spending. That's the old-fashioned type of spending in which Congress—unconstrained by automatic-indexing formulas and prior-year contracts—votes on bills each year, presumably for the best interest of our national future. Unfortunately, since the future has no lobby, no formula, and no contract, the Administration and Congress have found this the perfect place to demonstrate their budget-cutting zeal publicly even while allowing all other types of spending to keep rising. By 1986 discretionary non-defense spending had been cut to 4.09 percent of GNP, its lowest level since 1961.

This spending category includes that bellwether of federal investment activity, the maintenance and construction of America's public infrastructure. Net real investment in roads, bridges, mass transit, and other public works has dropped by 75 percent over the past two decades; much of our infrastructure is wearing out far more rapidly than it is being replaced. We do not have a new generation of infrastructure technology, from high-speed trains to under-water tunnels, because we have chosen not to pay for it.

But the steep decline in federal investment during the 1980s has not been limited to infrastructure. Investment in our environment and in human capital—research, education, job skills, and remedial social services—has also plummeted. These, too, have now been deemed superfluous. From

1979 to 1986, in real dollars, federal spending on natural resources has been cut by 24 percent, non-defense R&D by 25 percent, aid to schools by 14 percent, and energy preparedness by 65 percent.

Far from forcing a “revolution” in the role of the federal government, the 1980s have instead seen the federal budget become an ever larger and more efficient consumption machine. In the mid-1960s checks mailed out automatically (to bond owners, health insurers, retirees, state and local benefit administrators) accounted for about 58 percent of all federal non-defense spending. By 1979 their share stood at 68 percent; today it has grown to nearly 80 percent. We have now reached the point, in fact, where even if we eliminated all discretionary non-defense spending (imagine that we could fire all civil-service employees and replace them with a giant check-writing machine), the federal budget would still be running a deficit. Our government's function as an investor, a steward of our collective future, is small and shrinking. Its function as a consumer, a switchboard for income transfers, is large and growing.

Surely, it is argued in defense of the growth in entitlements, the alleviation of poverty also constitutes “investment” of a sort—an investment in the long-term social and economic benefits of preventing serious material hardship. If the premise were valid—that federal entitlements go to the poor—this would be a worthy argument. Unfortunately, the facts seem to be otherwise. In 1986 the U.S. public sector spent about \$525 billion, or 12.5 percent of GNP, in benefit payments to individuals. Of this total, about \$455 billion was financed at the federal level; about \$360 billion consisted of cash payments, and the rest consisted of in-kind payments (for example, health care, food stamps, and rental assistance). How much of all this went toward alleviating poverty? No one knows for certain, but probably no more than about 20 percent of the total, or approximately \$100 billion. The rest represents income transfers from non-poor taxpayers to non-poor beneficiaries (and, increasingly, to non-poor purchasers of federal debt).

The result should not be surprising, considering that of the \$455 billion dispensed from the federal budget, 85 percent was not means-tested—in other words, was not targeted to people living in poverty. These non-means-tested benefits went, by and large, to those groups least likely to be poor. The lion's share, \$271 billion, consisted of Social Security and Medicare payments, which went indiscriminately to nearly every elderly person. The elderly now enjoy the lowest poverty rate—less than three percent when the calculation includes total benefit income—of any age group. Far from targeting the poor, Social Security cash benefits are actually regressive, in the sense that those with the highest life-time incomes receive the highest monthly payments. Another \$47 billion was spent on the two most generous pension systems in America: civil-service and military retirement programs. Among the beneficiaries of these programs poverty is practically unheard of; most are not “retired” at all but working at another job and earning a second pension. The average annual income for a federal pensioner is now more than \$35,000. Still another \$26 billion went to agricultural subsidies. Though this is equivalent to about \$18,000 per person working in agriculture, it doesn't help many farm workers. Instead it goes primarily to the owners of the farms with the

largest sales, and to banks to service farm debt. Finally, about \$43 billion was spent on assorted other non-means-tested programs, such as veterans' health care (going mostly to elderly people with higher-than-average incomes and without service-related illnesses). Unemployment compensation, amounting to less than \$18 billion, almost gets lost in this sea of money.

Many of these programs, and especially Social Security, provide invaluable income support to millions of people who would be in poverty without them. This is true especially for members of what Stephen Crystal, in *America's Old Age Crisis*, calls the "multiple jeopardy" groups—those who can be characterized in two or more of these ways: over seventy-five (a group expected to grow by more than 50 percent by the year 2000), widowed, single, divorced, in poor health, without a private pension, and nonwhite. For example, the mean income of the black elderly was only 54 percent of the mean income of the white elderly in 1980. But these people are helped mainly by dint of the enormous sums of money spent, not by virtue of any rational allocation scheme.

It is also argued that federal retirement benefits "belong" to the recipient—despite the consensus among experts that the benefits payback for Social Security and Medicare is five to ten times greater than the actuarial value of prior contributions; plainly put, even middle- and upper-income groups get back vastly more than they put in (including interest and employers' contributions). As for civil-service retirement, we are told that it is a genuine pension system, under which federal workers and federal agencies each contribute seven percent of payroll to a "trust fund" in behalf of every workers' retirement or disability. Yet the pension level is so high (averaging 56 percent of pre-retirement pay), the retirement age so young (age fifty-five after thirty years of service), and the disability criteria so easy (one quarter of all civil-service pensioners are "disabled") that every outside actuary has found, here too, that benefits far exceed contributions. Most say that recipients get somewhere between two and three extra dollars for every dollar they contribute. Unlike any private pension, moreover, civil-service pensions are 100 percent indexed to the Consumer Price Index—with the absurd result that federal pensioners often outearn their successors in office.

As for military retirement, here we confront the ultimate bonanza. The serviceman contributes nothing to a trust fund, but upon reaching a median age of forty-one (and completing at least twenty years of service), he is entitled to 50 to 75 percent of pre-retirement pay, indexed yearly, for life. Typically, military pensioners—including many of the most valuable members of our Armed Forces, who are induced to quit by the retirement bonanza—spend more years collecting benefits than they ever spend in the service. Only one quarter are over age sixty-five, all are eligible for Social Security, and most pursue second careers to achieve a "triple-dip" private pension.

The Administration and Congress have often boasted of "cutting back" on excessive benefit spending. Unfortunately, nearly all the painful and high-visibility cuts have been made in the 15 percent of all benefit programs that are means-tested. One result is that means-tested benefits have hardly grown at all as a share of GNP during the 1980s (in fact, excluding Medicaid, they have actually shrunk; hardly any poverty cash benefits are indexed). Another result is

that such benefits target the poor even better now than they did in the 1970s, since most of the cuts have effectively excluded many near-poor beneficiaries, those whom we do not consider truly needy. Meanwhile, the tremendous non-means-tested programs—protected by powerful middle-class lobbies and automatic 100-percent-of-CPI indexing—have burgeoned.

Over the past generation federal benefits have grown roughly twice as fast as our economy. What is most ominous about the long-term trend in the cost of non-means-tested benefits, however, is that these benefits will necessarily continue to grow faster than our economy even if we do nothing explicit to increase benefit levels. Just leaving the budget on "automatic pilot" will lead to fiscal disaster. The forces guaranteeing this result are threefold: the aging of America, the hyperinflation in health care, and the uncontrollability of benefit indexing.

*The aging of America:* Well over half (about 56 percent) of all federal benefits now go to the 12 percent of our population who are age sixty-five and over. We now direct, on average, about \$9,500 a year in federal benefits to each elderly American (largely consumption). In contrast, we direct less than \$950 in federal benefits, including aid to education, to each American child (largely investment). In fact, total federal spending on net infrastructure investment and non-defense R&D, the benefits of which will last several generations, amounted to only \$357 per child in 1986. That's equivalent to the increase in federal benefits per elderly person that now occurs every six months.

But even if benefits per elderly person henceforth grow no faster than our economy, we can be certain that the total cost burden will. By about the year 2015 the age composition of the entire United States will be the same as that of Florida today. By 2040 there may be more Americans over age eighty than there are Americans today over age sixty-five. Over the next fifty years, depending on future fertility and longevity, our working-age population will grow by 2 to 18 percent, while our elderly population will grow by 139 to 165 percent.

The more "pessimistic" projection (to use the strange term applied by the Social Security Administration to the projection involving longer life-spans) implies that our labor force will grow by only six million people while our elderly population will grow by 46 million. Today each retired Social Security beneficiary is supported by the payroll taxes of 3.3 workers. By the year 2020 the ratio will have declined to at most 1:2.3. The official pessimistic picture shows the cost of all FICA-funded Social Security benefits rising to an obviously unacceptable 36 percent of every worker's taxable pay by 2040, from 13 percent today.

*Health-care hyperinflation:* The novel cost-saving reforms introduced four years ago to Medicare and Medicaid (such as the new prospective pricing now used by Hospital Insurance) stirred widespread hope that we had turned the corner on the rapid growth of health-care spending. Today such hope has faded. Although total U.S. health-care spending as a share of GNP fell slightly in 1984 (from 10.5 percent to 10.3 percent), it rose anew, to an unprecedented 10.7 percent, in 1985, and further, to 10.9 percent, last year. We already know that the rate of inflation for medical care was 7.9 percent in 1986, a rate about seven times higher than the rise in the Consumer Price Index. Optimistic projections made by fed-

eral health officials just two years ago are already in shreds. As the Health Care Financing Administration admitted in its report last year, "Little relief appears to be in sight. . . . The decline in the share of GNP going to health in 1984 appears to be a one-time blip in the historic trend rather than the start of a new trend." Health-care benefits as a share of the federal budget, meanwhile, did not experience even a one-year dip. They have risen every year of the 1980s and now amount to about \$120 billion annually, or 25 percent of all federal benefit spending.

The underlying causes of America's health-care cost explosion have been discussed at length elsewhere: the rapid climb in real technological and labor costs per treatment, the impressive increase in the number of treatable acute and chronic illnesses, and, of course, the stubborn persistence, in both the public and private sectors, of inefficient health-care regulations and perverse, cost-plus reimbursement systems that insulate both health-care professionals and patients from the cost of treatment. Amazingly—even with the federal reforms enacted in this decade—Medicare has shown nearly the same real rate of annual growth in the 1980s (8.2 percent from 1979 to 1986) as it did in the 1970s (8.7 percent from 1969 to 1979). As recently as 1975 Medicare's total cost was only \$14 billion. Last year it was \$74 billion, and it may well hit \$100 by 1990. By 1991 outlays for Hospital Insurance, which account for two thirds of Medicare benefits, may already start to exceed payroll-tax revenue. Thus, without further reform the Hospital Insurance trust fund will almost certainly go bankrupt by the end of the 1990s.

Why have the reforms thus far proved ineffective? A large part of the problem is that per capita health-care costs are rising much faster for the elderly than for the population as a whole. Longer life expectancy means disproportionate growth in the oldest age groups, and it is well documented that every measure of health-care utilization rises steeply from age sixty-five on. In 1982, for instance, the average reimbursed hospital cost for Medicare enrollees over age eighty-five was two thirds higher than that for enrollees aged sixty-five to seventy-five. The average per capita cost of long-term care is ten times higher for the "old" elderly than for the "young" elderly, and the high cost of long-term nursing care for the elderly, which is not covered by Medicare, is steadily encroaching on means-tested public benefits not primarily designed for the elderly. In 1984, for instance, though the elderly made up only 10 percent of Medicaid's beneficiaries, they accounted for nearly one third of Medicaid's total spending.

Experts at the Health Care Financing Administration now project that health-care spending in the United States will hit 15 percent of GNP by the year 2000. Do we really think we can become competitive in trade while allocating a still larger proportion of our scarce supply of capital and skilled labor to health-care consumption? According to Lee Iacocca, the Chrysler Corporation pays more money to Blue Cross/Blue Shield every year than it does to any other supplier. Sooner or later we must debate health-care spending in terms of affordability. We must ask why, for instance, we continue to devote so many resources to comforting us at the end of life (more than half of an American's lifetime health-care costs are incurred after age sixty-five), while we pay a Head Start teacher less than

\$10,000 annually to prepare us at the beginning of life. Other industrial countries are facing such questions with both common-sense humanity and a steady eye on the future. We alone are not.

**Uncontrollable indexing:** The history of the indexing of non-means-tested benefits is one of the sorriest stories in federal policy-making. Perhaps the most flagrant case in point was the egregious "double indexing" of Social Security cash benefits enacted in 1972, which essentially pushed up the benefits for new retirees by two CPI indexes at once. This was a colossal error that caused the average retiree benefit to grow far faster than either prices or average wages during the mid-to-late 1970s. The error was apparent to nearly every policy expert as soon as the legislation was passed. But though Congress took only several weeks to debate and pass the 1972 Social Security amendments, it required several years to correct the mistake. In the late 1960s only six percent of all benefits were indexed; today 78 percent of all benefits are indexed to one price index or another, including nearly every non-means-tested cash benefit. The result, quite simply, has been to render outlays for benefits uncontrollable by either Congress or the President.

Most important, indexing makes it impossible for elected policy-makers to reorder their spending priorities by gradually allowing real benefit levels in some programs to fall behind inflation while committing new resources to new problems. This perversity is highlighted by the names that we give to these two types of spending ("discretionary" to outlays earmarked for national investment, and "entitlements" to outlays earmarked for personal consumption).

Back in the early 1970s, when most federal benefit programs were first indexed, none of these problems seemed to matter much. Back then, after all, real federal spending, real GNP, and real wage levels were all still growing rapidly. Today such problems obviously do matter. Facing the prospect of declining or (at best) stagnant real consumption per worker over the next ten or fifteen years as we do, it follows almost by definition that during many of these years we will see prices rising faster than after-tax wages. Each year this occurs, indexing will automatically cause benefit spending to grow faster than wages are growing. The very nature of indexing will then pose genuine questions of equity: to what extent should beneficiaries not in poverty be "held harmless" from downward jolts in the standard of living that affect all other Americans?

To say that the fundamental forces driving up federally financed consumption are aging, health-care inflation, and indexing is not, of course, to say that there is any painless way to avoid them. They cannot be avoided, precisely because all three forces are so closely connected to the shape of our population, as well as our technology, expectations, and political culture. We can, however, speculate on the consequences of trying to avoid them. Recently I asked James Capra, an expert on the federal budget (an unequaled forecaster of our current deficits), to make a forty-year projection of the federal budget—given no change in defense or domestic policy and using the same long-term economic and demographic assumptions that are used by the Social Security Administration.

The results? Using the official pessimistic assumptions, total non-means-tested benefit spending—in the absence of any new benefit provisions—will rise by an amazing 9.6 per-

cent of GNP by 2025, as the retiring Baby Boom generation claims its health-care and cash retirement benefits. By then the explosion in Medicaid-funded nursing care will add another 1.2 percent of GNP. All told, assuming that the totality of other federal costs grows no faster than our economy, the total projected federal outlays for fiscal year 2025 will amount to about 35.4 percent of GNP. Outlays for benefits will consume 22.3 percent of GNP—a sum nearly equal to the entire federal budget today—and outlays for Social Security and Medicare alone will consume more than 31 percent of workers' taxable payroll. These incredible results are most certainly not predictions; instead they are projections of the future of our present policies. That these outcomes seem impossible is a virtual guarantee that they will be just that. What they mean is that today's policies are unsustainable. They will be radically changed. The only question is how—whether in a political spasm or gradually, allowing those affected to plan ways of coping.

#### FROM DENIAL TO RECONSTRUCTION

We face a future of economic choices that are far less pleasant than any set of choices we have confronted in living memory. What, concretely, will these choices entail? Looking into the future is always a dangerous task, but here is an attempt to sketch a sequence of future economic issues that will change our lives. My sketch follows the probable chronological order—near-term, medium-term, and long-term—in which reality will impose these issues on us.

**The near term (1988 to 1992):** Over the near term (a period that already exceeds the "long-term" time horizon of almost every legislator and executive policy-maker) America's primary economic challenge will be to extricate itself from growing foreign indebtedness without touching off a global crisis. The single most important step toward a successful outcome will be for America to generate steady, large, and predictable increases in its net national savings rate over the next several years. This, in turn, cannot be accomplished without steps to eliminate the federal-deficit drain on private savings. Fiscal balance is thus the cornerstone of any plan to cut our trade deficit.

So long as the U.S. demand for foreign savings remains insatiable, any attempt to force-feed U.S. exports to foreigners in any one sector or to any one country will simply be vitiated by a stronger dollar, which will tend to worsen the U.S. trade balance in all other sectors or with all other countries. It's like placing a few sandbags on top of an overflowing dam: you can change where the water will spill over, but you can't change the fact that it will spill over somewhere. If there is little action on the federal budget over the next five years, therefore, the odds of a global crash landing will certainly grow.

As we have seen, a successful escape from our foreign-sector imbalance (barring an improbable near-term leap in U.S. productivity growth) could be accompanied by a decline in real consumption per U.S. worker. Over the next five years, in other words, we must be prepared for a perceptible fall in real-tax employee compensation combined with a similar decline, or at best a stagnation, in real government spending—both in benefit payments and in defense spending. On the positive side, we can look forward to a rapid expansion in U.S. manufacturing output and employment, a steady improvement in our trade balance, and a steady decline in the rate of foreign-capital inflows (slowing, though not stopping, the deterioration of

the net U.S. investment position by 1992). But, in order to avoid the crash scenarios, there is plenty that we must also prepare for on the negative side: a further (though modest) decline in the exchange rate of the dollar, considerable inflationary import-price pressure, and a very tough assignment of the Federal Reserve Bank and its new chairman, Alan Greenspan—finding an interest rate high enough to control inflation and keep the dollar from collapsing, yet low enough to avoid a serious U.S. recession. Most likely, the Fed will have to strike a balance between bad news on both fronts: some accommodation to inflation (as import prices rise) and some accommodation to higher interest rate (as foreign lenders get finicky).

For most working Americans the coming decline in the growth of real household consumption will probably be felt not in any marked change in dollar salary raises but rather in the erosion of real dollar income caused by unavoidably swifter inflation. Wages in manufacturing, exportable business services, and energy will climb much more steeply than wages in other sectors—a trend reversal from the early and middle 1980s which many Americans will welcome. The indexing of federal benefits, meanwhile, will become a major political issue. Not only will steady reductions in budget deficits be difficult to sustain without a major reform of indexing, but 100 percent cost-of-living adjustments for middle- and upper-class federal beneficiaries during years of declining real income for most American workers will raise reform as a stark question of equity. The cost-effectiveness of defense and foreign-aid spending will also come under increasing scrutiny. Since we know full well that it will take a heroic effort to find the resources for economic investment alone, it is totally incredible that we could fund both our domestic obligations and our current global military obligations. By the end of this decade, therefore, it is likely that the United States will raise strategic "burden-sharing" as a routine point of discussion in our economic summits with other industrialized powers.

**The medium term (1992 to 2007):** The fifteen years that follow our near-term period promise to be a crossroads in our nation's future. As Americans enter this era, five years from now, they may still be uncertain whether the United States has successfully worked its way out of its foreign-sector imbalance. Ironically, it will probably be a signal of impending disaster if real per-worker U.S. consumption is significantly higher in 1992 than it is today, and it would almost certainly be a symptom of worsening global imbalance. Other symptoms would include minimal reductions in our budget deficits and in our credit inflows, further cuts in our net domestic investment, high interest rates, and special ad hoc arrangements to keep our creditors happy—such as yen-denominated Treasury bonds or de facto foreign veto power over U.S. monetary policy. More likely, we will see a considerable dampening in real per-worker consumption, and we will be worrying about (or trying to recover from) a long recession characterized by stagnant global demand.

But twenty years from now, when young adults currently entering the work force are approaching the peak of their careers and when the oldest Baby Boomers are contemplating retirement, the foreign-imbalance problem will have been resolved, one way or the other. By then we may have entered one of the prolonged crash scenarios sketched

earlier—the decline of the bumpy British variety or the indefinite depression of the 1930s variety. If, on the other hand, we have resolved the problem successfully, we can expect that our current-account deficit will have declined steadily during the early 1990s and will be turning into a modest surplus by the late 1990s. As that happens, the focus of our policy debates will likely shift from the problem of reducing our foreign borrowing to the challenge of raising our level of domestic investment. Over the near term most of our extra savings must be focused on raising net exports, which is our sole means of weaning ourselves away from foreign creditors. Only later will we be able to concentrate on the more rewarding task of reconstructing our future. Only after paying off our credit-card bills, so to speak, can we think of buying a new home.

The long term (2007 on): Should America not make investment its number-one policy priority in the medium term, it will surely have to pay the price in the long term. It will not be a price denominated solely in terms of labor productivity, real wages, and global political influence. The price will also include an utter lack of preparation for the most stunning demographic transformation—from workers to dependents—in American history. In the fifteen years between 2010 and 2025 the number of Americans who are of working age will decline by perhaps as many as 12 million (from 174 million to 162 million). Meanwhile, assuming that current longevity trends persist, the population of elderly will grow from 42 million to 65 million. If investment, retirement, and health care for the elderly seem unaffordable to our society today and for the next twenty years, when a “boom” generation is working and a “bust” generation is retiring, we can only imagine how unaffordable they will be thirty years from now, when the situation is reversed.

If in the medium term the Baby Boom has channeled a sufficient share of its income into education, training, tools, and infrastructure to permit a quantum leap in productivity by the next generation of workers, it may enjoy a prosperous and contented old age. But if the flow of invested endowments from each generation to the next has ceased—and if each generation instead insists on its “right” to consume all its own product and part of the next generation’s as well—then we can count on a meager and strife-torn future.

In any summary discussion of America’s prospects in the near, the medium, and the long term, there is one theme that must be emphasized above all others: the indissoluble bond between the economic behavior of one decade or generation and the economic well-being of the next decade or generation. Over the near term we must accept the punishment we are inheriting from the ill-fated gamble of Reaganomics. Similarly, over the medium term we must overcome the low-investment heritage we have received from thirty years of postwar preoccupation with “demand management.” Both tasks will require a determined effort to save. We will have to raise our net national savings rate, now somewhere between two and three percent of GNP, to between six and seven percent of GNP in the coming five years (a level still beneath our level in the 1970s) and to between 10 and 12 percent of GNP within twenty years (a level far beneath that of Japan’s, but just about on par with the average for today’s industrial countries). By the first decade of the twenty-first century, in other words, we will have to be re-

channeling yearly into investment some \$450 billion that we now spend on private and public consumption.

This broad prescription has implications not only for action but also for understanding. The question is not the easy and popular one of where to invest but the brute one, ignored by both political parties, of where to find the resources. Thus, in the coming election year we need to apply a critical yardstick to the policy proposals of the presidential candidates: Does this proposal face up to the long-term problems caused by our neglect of investment in favor of consumption?

Our problems are not, at bottom, economic. We are stymied by our lack of political consensus on economic policy—something unimaginable to our Japanese and German trading partners, for whom national consensus (born of national crisis) informs decisions on savings, investment, productivity-related wage increases, exports, and money-supply growth.

With the proviso that we must put a very large question mark over the capacity of our political system to deal with the nation’s economic problems, I offer these brief policy suggestions.

First, we must tame the federal budget deficit. Real defense spending has been effectively frozen for the past couple of years, and we may be at a crossroads in foreign policy which will allow us to make substantial future savings in security expenditures. Greater sharing of the burden by our NATO allies is clearly on the horizon; it should proceed proactively, not reactively (that is, not simply in response to one financial crisis or another). I believe the time is also right for a historic arms treaty with General Secretary Mikhail Gorbachev, whose nation’s resources are far more severely constrained than ours and who desperately needs breathing space. The deal I envision would cover the more costly and, when one considers the size of the Soviet tank armies, more plausibly threatening conventional forces, as well as strategic weapons. A new international division of labor remains to be worked out with Japan. The agreement that I think is needed would have Japan provide, for example, far more World Bank support, aid not tied to its exports, and more incentives for major capital flows to Third World countries; further, it would forge a U.S.-Japan strategic-economic partnership in areas of the world critical to both countries—Latin America, say. In turn, the United States would continue to provide military assistance to Japan. Finally, the newly industrializing countries can no longer simply be beneficiaries of an open world economy. They must now join the club of the industrial countries and pay their dues, including aid to the poorer countries.

As for domestic spending, we must above all slow the growth in non-means-tested entitlements, starting with a reform of benefit indexing. Cutting the non-poverty-benefit cost-of-living adjustment, or COLA, to 60 percent of the CPI (a “diet COLA”), for instance, would save about \$150 billion in federal outlays annually by the year 2000. Gradually raising the retirement age and lowering initial benefits to the relatively well off (for example, those with histories of high wages) should be combined with the taxation of all benefits in excess of contributions, which could save well over \$50 billion annually by the year 2000. Note that under this proposal the progressivity of the tax system would leave intact benefits that

go to the poor. There are those who protest the “humiliation” of the means test; however, these reforms go far toward honoring the principle of need, doing so implicitly rather than explicitly.

We should also take a more serious look not simply at the unfunded liabilities of our federal retirement programs but at all the various elements of a grievously costly fringe-benefit pension program. Civil-service and military retirement programs should be made part of a total compensation package comparable to those in the private sector. They should gradually be made self-supporting (that is, funded as our corporate pension plans are), through a combination of benefit reductions (with special emphasis on lower initial benefits and later retirement, as well, of course, as reductions in COLA indexing) and higher contribution rates.

Second, we must act decisively to put a lid on America’s excessive and wasteful consumption of health care, three quarters of which is either funded directly from public budgets or paid through publicly regulated insurance systems. This is not the place to enter the thicket of specific health-care reforms, but we must begin to experiment in earnest with various means by which to replace the horrendous, indeed perverse, inefficiencies of the current “cost-plus” system with the discipline of market forces (for example, greater cost-sharing, or the use of medical vouchers).

Third, to the extent that our federal deficits cannot be eliminated in the near term by simply deciding to spend less, we must increase federal revenue. The Reagan Administration has steadfastly opposed tax hikes by claiming that they would permanently sanction an increased “tax burden.” But surely the alternative is worse: to sanction permanently an increased “debt burden.” My choice among revenue options is some form of consumption-based tax. A phased-in tax on gasoline of twenty-five cents a gallon, for instance, would generate about \$25 billion a year by 1990—and also serve to depress world energy prices and moderate the now-rapid rise in our oil trade deficit, without destroying the global competitive position of critical export products such as petrochemicals. A broad-based five-percent value-added tax on all products would of course generate considerably more revenue—more than \$100 billion in 1990, or enough to halve the federal deficit.

Fourth, over the longer term we should encourage higher private-sector savings rates by trading off increases in consumption-based taxes for reductions in investment-based taxes. Our industrial competitors, after all, have already adopted the principle that people should be taxed more according to what they take out of the pot than according to what they put in. Most of those countries do not tax corporate income twice; most of them do not tax interest, dividends, and capital gains as ordinary income; and most of them do not allow sweeping personal exemptions for home-mortgage interest, for employer-paid health care, and for unearned public retirement benefits. At the same time, all our industrial competitors have much higher household and corporate savings rates than we do. It’s time our policy-makers put two and two together.

The least productive Americans can engage in—though it is virtually second nature—is trying to place the blame for what has happened to our economy in the 1980s on one political party or ideology. Blame is beside the point, for it is some-

thing we all share. To be sure, it is easy to find fault with the conservative fiscal leadership of the current Administration. (Indeed, I will confidently predict that in the years to come President Reagan will lament his May, 1985, decision not to support his own party's leadership in its effort to freeze entitlement COLAs. President Richard Nixon, after all, has come to lament his decision to sign those COLAs into law.)

But, clearly, the liberals and the Democrats are equally to blame. Long before Reagan entered the White House, liberal opinion leaders persuaded the public to regard the budget and the tax code as engines of free national consumption. It was a Democratic Congress that argued in favor of deficit spending for so many years that no one could recall (with only one budget surplus since 1960) the rationale behind fiscal balance. And it was a Democratic President who pioneered the art of disingenuous forecasts (when President Johnson signed the Medicare Act, he said that an extra \$500 million in federal spending would present "no problem"; today Medicare costs 150 times more than estimated). The very success that the Democrats enjoyed in promoting consumption, in fact, persuaded Reagan's conservative backers to dish the Whigs and beat the opposition at their own game.

Reaganomics was founded on a bold new vision for America, yet today—another irony—we hear every politician who is warming up for the 1988 campaign, Republican and Democrat alike, complaining about the lack of vision in America. The reason we feel adrift is that we are waking up to the fact that blind and self-indulgent gusto is not vision at all but denial. True vision requires the forging of a farsighted and realistic connection between our present and our future. It means recognizing in today's choices the sacrifices all of us must make for posterity. America's unfettered individualism has endowed our people with enormous energy and great aspirations. It has not, however, given us license to do anything we please so long as we do it with conviction.

#### THE OMNIBUS TRADE ACT OF 1987

(Mr. ROSTENKOWSKI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROSTENKOWSKI. Mr. Speaker, we all know that the conference on H.R. 3, the Omnibus Trade Act of 1987, is one of the largest in history. In an effort to provide some guidelines to both the members of the conference and to the public, the following summaries of the subject matter within the purview of the various subconferences have been prepared.

The documents list those committees which are the lead committees for each subconference and the additional conferees within each subconference. In using these documents, it can be easily determined which set of conferees have been appointed to consider each provision of both the House bill and the Senate amendment.

I hope that the information provided here is of use in expediting the work of the conference.

#### SUBCONFERENCE SECTION RESPONSIBILITY

##### SUBCONFERENCE NO. 1—TRADE AND TARIFF LAWS; TRADE AGREEMENTS

###### House bill

Title I (Secs. 101-199, except Sec. 186).  
Title II (Secs. 201-212).  
Title VI, Subtitle G (Secs. 691, 692).  
Secs. 704.  
Title VIII (Secs. 800-894).  
Secs. 906, 908 and 909.  
Title XV (Sec. 1501).

###### Senate amendment

Title I (Secs. 101-111).  
Title II (Secs. 201-221).  
Title III (Secs. 301-341).  
Secs. 401.  
Title V (Sec. 501).  
Title VI (Secs. 601-605).  
Title VII (Secs. 701-703).  
Title VIII (Secs. 801-899D).  
Title IX (Secs. 901-981, except Sec. 963-967; 968-972, 974, 975 and 977).

##### SUBCONFERENCE NO. 2—TRADE AND FOREIGN POLICY

###### House bill

Secs. 321, 363, and 907.

###### Senate amendment

Secs. 411-416,  
Secs. 963-972 and 977.

##### SUBCONFERENCE NO. 3—EXPORT CONTROLS; EXPORT PROMOTION

###### House bill

Secs. 301, 302, 311-315, 317, 324-326, 331-341, 361, 362 and 364.

###### Senate amendment

Title X (Secs. 1001-1036).  
Secs. 1104 and 1105.  
Title XII (Secs. 1201-1207).

##### SUBCONFERENCE NO. 4—EXPORT ENHANCEMENT

###### House bill

Secs. 316 and 323.  
Title III, Subtitle C (Secs. 341-346) except Sec. 341).  
Sec. 351.  
Sec. 912.

###### Senate amendment

Title XVIII (Secs. 1801-1809).  
Title XX (Secs. 2001-2012), except Secs. 2001, 2008.  
Sec. 4501.  
Title XLVII (Secs. 4701-4711).  
Sec. 4901.

##### SUBCONFERENCE NO. 5—INTERNATIONAL FINANCIAL POLICY

###### House bill

Sec. 322.  
Title IV (Secs. 401-477), except Subtitle D (Secs. 461-471).  
Sec. 702.

###### Senate amendment

Secs. 1101-1103, 1106 and 1107.  
Title XIII (Secs. 1301-1305).  
Title XV (Secs. 1501-1506).  
Title XVII (Secs. 1701-1724).  
Title XIX (Secs. 1910-1911).  
Secs. 2001 and 2008.  
Secs. 2178-2180A.

##### SUBCONFERENCE NO. 6—AGRICULTURAL TRADE

###### House bill

Secs. 318-320.  
Title VI (Secs. 601-692), except Subtitle G (Secs. 691, 692).

###### Senate amendment

Secs. 974-975.  
Title XXI (Secs. 2101-2199), except Secs. 2178-2180A; 2185-2188.

##### SUBCONFERENCE NO. 7—INVESTMENT; COMPETITIVENESS; FOREIGN CORRUPT PRACTICES ACT

###### House bill

Secs. 701, 703, 903-905 and 910.

###### Senate amendment

Title XIV (Sec. 1401).  
Title XVI (Secs. 1601-1605).

##### SUBCONFERENCE NO. 8—EDUCATION AND LABOR

###### House bill

Title V.

###### Senate amendment

Titles XXII-XXXII.

##### SUBCONFERENCE NO. 9—TECHNOLOGY

###### House bill

No provisions.

###### Senate amendment

Title XXXVIII, Subtitles E (Sec. 3871) and F (Secs. 3881-3884).  
Titles XL-XLIV.  
Title XLV (Secs. 4501-4505), except Secs. 4501 and 4502.

##### SUBCONFERENCE NO. 10—GOVERNMENT PROCUREMENT

###### House bill

Title X (Secs. 1001-1004).

###### Senate amendment

No provisions.

##### SUBCONFERENCE NO. 11—PATENT LAW

###### House bill

Title XIV.

###### Senate amendment

Titles XXXIII-XXXVI.

##### SUBCONFERENCE NO. 12—SMALL BUSINESS

###### House bill

Title XIII (Secs. 1301-1312).  
Sec. 186.

###### Senate amendment

Title XXXIX.  
Title XXXVII.

##### SUBCONFERENCE NO. 13—COUNCIL ON COMPETITIVENESS

###### House bill

Title IV, Subtitle D (Secs. 461-471).

###### Senate amendment

Title XXXVII, Subtitle A (Secs. 3801-3809).

##### SUBCONFERENCE NO. 14—OCEAN AND AIR TRANSPORTATION

###### House bill

Title XI (Secs. 1101-1110).  
Title XII (Secs. 1201-1203).

###### Senate amendment

Title XLVI (Secs. 4601-4602).  
Sec. 4502.

##### SUBCONFERENCE NO. 15—SAFE FOOD IMPORTS

###### House bill

No provisions.

###### Senate amendment

Secs. 2185-2188.

##### SUBCONFERENCE NO. 16—FEDERAL BUDGET DEFICIT

###### House bill

Title XVI (Secs. 1601-1603).

###### Senate amendment

Title XLVIII (Secs. 4801-4803).

##### SUBCONFERENCE NO. 17—TRADE DATA AND STUDIES

###### House bill

Secs. 901, 902 and 911.

*Senate amendment*

Title XXXVIII, Subtitles B (Secs. 3811-3824), C (Secs. 3851-3854) and D (Secs. 3861-3867).

## H.R. 3 TRADE SUBCONFERENCES

## SUBCONFERENCE NO. 1—TRADE AND TARIFF LAWS; TRADE AGREEMENTS

## House Conferees

*Lead House Committee: Committee on Ways and Means*

## House bill:

Title I (Secs. 101-199)—Trade Law Amendments, *except*: Sec. 186  
 Title II (Secs. 201-212)—International Trade in Telecommunications Products and Services  
 Title VI, Subtitle G (Secs. 691, 692)—Trade Policy Formulation and Implementation  
 Sec. 704—Entry processing for textiles and apparel  
 Title VIII (Secs. 800-894)—Tariff and Customs Provisions  
 Sec. 906—Unreasonable practices  
 Sec. 908—Investigations of certain barriers pertaining to trade and services  
 Sec. 909—Effect imports on crude oil production and refining capacity in the United States  
 Title XV (Sec. 1501)—Most-Favored-Nation Treatment to Products of Romania

## Senate amendment:

Title I (Secs. 101-111)—Authority to Negotiate Trade Agreements  
 Title II (Secs. 201-221)—Enhancing Competitiveness  
 Title III (Secs. 301-341)—Unfair International Trade Practices  
 Sec. 401—Remedies under the Tariff Act of 1930

Title V (Sec. 501)—National Security

Title VI (Secs. 601-605)—Agreements on Agricultural Trade; Miscellaneous Agricultural Trade Provisions

Title VII (Secs. 701-703)—Authorization of Appropriations for Trade Agencies

Title VIII (Secs. 801-899D)—Tariff Provisions

Title IX (Secs. 901-981)—Miscellaneous Trade Provisions, *except*: Secs. 963-967; 968-972; 974; 975; 977

*Joint Conferees on specific provisions:**Committee on Energy and Commerce*

## House bill:

Title II (Secs. 201-212)—International Trade in Telecommunications Products and Services  
 Sec. 908—Investigations of certain barriers pertaining to trade and services  
 Sec. 909—Effect of imports on crude oil production and refining capacity in the United States

## Senate amendment:

Sec. 310—Investigation of barriers in Japan to certain U.S. services  
 Title IX, Subtitle A (Secs. 901-913)—Telecommunications trade

*Committee on Agriculture*

## House bill:

Title VI, Subtitle G (Secs. 691, 692)—Trade Policy Formulation and Implementation

*Additional Conferees on specific provisions:**Committee on Foreign Affairs*

## Senate amendment:

Sec. 308—Use of export enhancement program in cases of alleged unfair agricultural trade  
 Sec. 311—Trade and economic relations with Japan  
 Sec. 958—Trade with Afghanistan

*Committee on Banking, Finance, and Urban Affairs*

## House bill:

Sec. 126 (insofar as it would add new sections 311(g) (1) and (2) to the Trade Act of 1974)—Currency manipulation

## Senate Conferees

*Committee on Finance*

## House bill:

Title I (Secs. 101-199)—Trade Law Amendments, *except*: Sec. 186  
 Title II (Secs. 201-212)—International Trade in Telecommunications products and Services  
 Title VI, Subtitle G (Secs. 691, 692)—Trade Policy Formulation and Implementation  
 Sec. 704—Entry processing for textiles and apparel  
 Title VIII (Secs. 800-894)—Tariff and Customs Provisions  
 Sec. 906—Unreasonable practices  
 Sec. 908—Investigations of certain barriers pertaining to trade and services  
 Sec. 909—Effect of imports on crude oil production and refining capacity in the United States  
 Title XV (Sec. 1501)—Most-Favored-Nation Treatment to Products of Romania

## Senate amendment:

Title I (Secs. 101-111)—Authority to Negotiate Trade Agreements  
 Title II (Secs. 201-221)—Enhancing Competitiveness  
 Title III (Secs. 301-341)—Unfair International Trade Practices  
 Title IV, Subtitle A (Sec. 401)—Remedies under the Tariff Act of 1930

Title V (Sec. 501)—National Security

Title VI (Secs. 601-605)—Agreements on Agricultural Trade; Miscellaneous Agricultural Trade Provisions, *except*: Sec. 603

Title VII (Secs. 701-703)—Authorization of Appropriations for Trade Agencies

Title VIII (Secs. 801-899D)—Tariff Provisions

Title IX (Secs. 901-981)—Miscellaneous Trade Provisions, *except*: Secs. 963-967; 968-972; 974; 975; 977

*Committee on Finance and**Committee on Agriculture*

## Senate amendment:

Sec. 602—Representation at negotiations relating to agricultural trade agreements

## H.R. 3 TRADE SUBCONFERENCES—Continued

## House Conferees

## Senate Conferees

## Senate amendment:

- Sec. 108—Negotiations on currency exchange rates  
 Sec. 959—Annual trade report

*Committee on Agriculture*

## Senate amendment:

- Sec. 308—Use of export enhancement program in cases of alleged unfair agricultural trade.  
 Title VI (Secs. 601-605)—Agreements on Agricultural Trade; Miscellaneous Agricultural Trade Provisions, *except*: Sec. 603

*Committee on Energy and Commerce*

## House bill:

- Sec. 104—Congressional liaison regarding trade policy and agreements  
 Sec. 121\*—Action required in response to determinations  
 Sec. 124\*—Action decisions by Trade Representative  
 Sec. 181—Functions (USTR)  
 Sec. 183—Report by U.S. Trade Representative under sec. 181  
 Sec. 198—Purchases of U.S.-made automotive parts by Japan  
 Sec. 906—Unreasonable practices

## Senate amendment:

- Sec. 201 (insofar as it would add new sections 204(d)(1)(B)(ii) and (204(d)(2) (B) through (E) to the Trade Act of 1974)—Investigations under section 201 of the Trade Act of 1974  
 Sec. 306—Actions in response to investigations under Title II of the Trade Act of 1974  
 Sec. 307\*—Miscellaneous amendments to section 301 of the Trade Act of 1974

*Committee on the Judiciary*

## House bill:

- Sec. 166—Civil actions for recovery of damages  
 Title I, Subtitle E (secs. 171-173)—Intellectual property rights  
 Sec. 872—Schofflaw penalties for multiple customs law offenders  
 Sec. 873—Import marking provisions

## Senate amendment:

- Sec. 201 (insofar as it would add new section 203(f) to the Trade Act of 1974)—Investigations under section 201 of the Trade Act of 1974  
 Sec. 401—Remedies under the Tariff Act of 1930

*Committee on Rules*

## House bill:

- Sec. 114(d), (e)—Implementation of trade agreements

## Senate amendment:

- Sec. 104—Implementation of trade agreements  
 Sec. 107—Accession of State trading regimes to existing multilateral trade agreements  
 Sec. 110—Implementation of trade agreements

\* Except for those matters relating to suspension, withdrawal, or prevention of trade agreement concessions or to imposition of duties or other import restrictions on goods.

## SUBCONFERENCE NO. 2—TRADE AND FOREIGN POLICY

## House Conferees

## Senate Conferees

*Lead House Committee: Committee on Foreign Affairs*

## House bill:

- Sec. 321—Findings and sense of Congress with respect to the European Community  
 Sec. 363—Relations with Mexico  
 Sec. 907—Bilateral trade between the U.S. and Mexico

## Senate amendment:

- Sec. 413—Monitoring foreign intellectual property systems  
 Sec. 414—Foreign assistance for development of programs to protect intellectual property rights  
 Sec. 415—U.S. intellectual property training institute  
 Sec. 963—Findings

- Sec. 967—Relations with nations providing offensive weaponry to belligerent states in the Persian Gulf region  
 Secs. 968-972—"Fair Trade in Auto Parts Act of 1987"

*Committee on Finance*

## House bill:

- Sec. 321—Findings and sense of Congress with respect to the European Community  
 Sec. 363—Relations with Mexico  
 Sec. 907—Bilateral trade between the U.S. and Mexico

## Senate amendment:

- Title IV, Subtitle B (Secs. 411-416)—Access to Technology  
 Sec. 963—Findings

- Sec. 964—Policy in the event of certain actions by Iran  
 Sec. 965—Policy toward purposeful attack from other states in the Persian Gulf region  
 Sec. 966—Definitions  
 Sec. 967—Relations with nations providing offensive weaponry to belligerent states in the Persian Gulf region  
 Secs. 968-972—"Fair Trade in Auto Parts Act of 1987"

## SUBCONFERENCE NO. 2—TRADE AND FOREIGN POLICY—Continued

## House Conferees

## Sec. 977—Commercial relations with Mexico

*Primary House Committee on specific provisions: Committee on Ways and Means*

## Senate amendment:

## Sec. 411—Findings

## Sec. 412—Monitoring of technology transfers

## Sec. 416—Unfair competitive practice involving intellectual property

## Sec. 964—Policy in the event of certain actions by Iran

## Sec. 965—Policy toward purposeful attack from other states in the Persian Gulf region

## Sec. 966—Definitions

*Joint Conferees on specific provisions:**Committee on Ways and Means*

## House bill:

## Sec. 321—Findings and sense of Congress with respect to the European Community

## Sec. 363—Relations with Mexico

## Sec. 907—Bilateral trade between the U.S. and Mexico

## Senate amendment:

## Sec. 977—Commercial relations with Mexico

*Committee on Banking, Finance, and Urban Affairs*

## House bill:

## Sec. 907—Bilateral trade between the U.S. and Mexico

*Committee on Agriculture*

## House bill:

## Sec. 321—Findings and sense of Congress with respect to the European Community

*Committee on the Judiciary*

## Senate amendment:

## Sec. 415—U.S. intellectual property training institute

*Additional Conferees on specific provisions:**Committee on Ways and Means*

## Senate amendment:

## Secs. 968-972—"Fair Trade in Automotive Parts Act of 1987"

*Committee on Foreign Affairs*

## Senate amendment:

## Sec. 412—Monitoring of technology transfers

## Sec. 964—Policy in the event of certain actions by Iran

## Sec. 965—Policy toward purposeful attack from other states in the Persian Gulf region

## Sec. 966—Definitions

*Committee on Energy and Commerce*

## House bill:

## Sec. 907—Bilateral trade between the U.S. and Mexico

## Senate amendment:

## Secs. 968-972—"Fair Trade in Auto Parts Act of 1987"

*Committee on Science, Space, and Technology*

## Senate amendment:

## Sec. 412—Monitoring of technology transfers

*Committee on the Judiciary*

## Senate amendment:

## Sec. 416—Unfair competitive practice involving intellectual property

## Senate Conferees

## Sec. 977—Commercial relations with Mexico

## SUBCONFERENCE NO. 3—EXPORT CONTROLS: EXPORT PROMOTION

## House Conferees

*Lead House Committee: Committee on Foreign Affairs*

## House bill:

## Sec. 301—Short title

## Senate Conferees

*Committee on Banking, Housing and Urban Affairs*

## House bill:

## Sec. 301—Short title

## SUBCONFERENCE NO. 3—EXPORT CONTROLS: EXPORT PROMOTION—Continued

## House Conferees

Sec. 302—Findings and purposes  
 Sec. 311—U.S. and foreign commercial service  
 Sec. 312—Diplomatic missions  
 Sec. 313—Commercial service officers and development banks  
 Sec. 314—Market development cooperator program and trade shows

Sec. 315—Establishment of U.S. and foreign commercial service  
 Pacific Rim initiative  
 Sec. 317—Printing at overseas locations  
 Sec. 324—Export promotion data system  
 Sec. 325—Preshipment inspection regulation program  
 Sec. 326—Report on export trading companies  
 Title III, Subtitle B (Secs. 331-340)—Export Controls  
 Sec. 341—International negotiations  
 Sec. 361—Trading with the Enemy Act  
 Sec. 362—Limitation on exercise of emergency authorities  
 Sec. 364—Budget Act

## Senate amendment:

Title X (Secs. 1001-1036)—Export Administration Act Amendments  
 Sec. 1104—Office of Export Trade  
 Sec. 1105—Report on export promotion intermediaries

Title XII (Secs. 1201-1207)—Export Promotion

## Joint Conferees on specific provisions:

## Committee on Ways and Means

## Senate amendment:

Sec. 1030—Findings  
 Sec. 1031—Mandatory sanctions against Toshiba and Kongsberg  
 Sec. 1032—Mandatory sanctions  
 Sec. 1033—Discretionary sanctions authority  
 Committee on Banking, Finance and Urban Affairs

## House bill:

Sec. 326—Report on export trading companies  
 Sec. 341—International negotiations

## Senate amendment:

Sec. 1026—Responsibilities of the Under Secretary of Commerce for  
 Export Administration  
 Sec. 1027—Authorization of appropriations  
 Sec. 1105—Report on export promotion intermediaries

## Committee on Energy and Commerce

## House bill:

Sec. 324—Export promotion data system

## Committee on the Judiciary

## House bill:

Sec. 326—Report on export trading companies

## Senate amendment:

Sec. 1105—Report on export promotion intermediaries

## Committee on Government Operations

## Senate amendment:

Sec. 1030—Findings  
 Sec. 1031—Mandatory sanctions against Toshiba and Kongsberg  
 Sec. 1032—Mandatory sanctions  
 Sec. 1033—Discretionary sanctions authority

## Senate Conferees

Sec. 302—Findings and purposes  
 Sec. 311—U.S. and foreign commercial service, *except*: Sec. 311(d)(2)  
 Sec. 312—Diplomatic missions  
 Sec. 314—Market development cooperator program and trade shows  
 Sec. 315—Establishment of U.S. and foreign commercial service  
 Pacific Rim initiative  
 Sec. 317—Printing at overseas locations

Sec. 325—Preshipment inspection regulation program  
 Sec. 326—Report on export trading companies  
 Title III, Subtitle B (Secs. 331-340)—Export Controls

Sec. 341—International negotiations  
 Sec. 362—Limitation on exercise of emergency authorities  
 Sec. 364—Budget Act

## Senate amendment:

Title X (Secs. 1001-1036)—Export Administration Act Amendments  
 Sec. 1104—Office of Export Trade  
 Sec. 1105—Report on export promotion intermediaries  
 Title XII (Secs. 1201-1207)—Export Promotion

Committee on Banking, Housing, and Urban Affairs and  
Committee on Foreign Relations

## House bill:

Sec. 311(d)(2)—U.S. and foreign commercial service  
 Sec. 313—Commercial service officers and development banks

Committee on Banking, Housing, and Urban Affairs and  
Committee on Governmental Affairs

## House bill:

Sec. 324—Export promotion data system

## Committee on the Judiciary

## House bill:

Sec. 361—Trading with the Enemy Act

## SUBCONFERENCE NO. 3—EXPORT CONTROLS: EXPORT PROMOTION—Continued

## House Conferees

*Committee on Armed Services*

## Senate amendment:

- Sec. 1030—Findings
- Sec. 1031—Mandatory sanctions against Toshiba and Kongsberg
- Sec. 1032—Mandatory sanctions
- Sec. 1033—Discretionary sanctions authority
- Sec. 1034—Annual report of defense impact

*Additional Conferees on specific provisions:**Committee on Banking, Finance and Urban Affairs*

## House bill:

- Sec. 313—Commercial service officers and development banks

## Senate amendment:

- Sec. 1201—Export promotion activities of foreign commercial service officers
- Sec. 1203—Multilateral development bank liaison

*Committee on Energy and Commerce*

## House bill:

- Sec. 311—U.S. and foreign commercial service
- Sec. 312—Diplomatic missions
- Sec. 313—Commercial service officers and development banks
- Sec. 314—Market development cooperator program and trade shows
- Sec. 315—Establishment of U.S. and foreign commercial service Pacific Rim initiative
- Sec. 331—Oil exports

## Senate amendment:

- Title XII (Secs. 1201-1207)—Export Promotion, *except*: Sec. 1207

*Committee on Small Business*

## House bill:

- Sec. 314 (insofar as it would add new section 203(c) to the Export Administration Amendments Act of 1985)—Market development cooperator program and trade shows

*Committee on Armed Services*

## Senate amendment:

- Sec. 1021—National security review

## Senate Conferees

## SUBCONFERENCE NO. 4—EXPORT ENHANCEMENT

## House Conferees

*Lead House Committee: Committee on Foreign Affairs*

## House bill:

- Sec. 316—Commercial personnel at the American Institute of Taiwan
- Sec. 323—Country reports on economic policy and trade practices
- Title III, Subtitle C (Secs. 341-346)—Debt, Development; and World Growth, *except*: Sec. 341
- Title III, Subtitle D (Sec. 351)—Protection of U.S. intellectual property
- Sec. 912—Reports on countertrade and offsets

## Senate amendment:

- Title XVIII (Secs. 1801-1809)—Trade Enhancement
- Title XX (Secs. 2001-2012)—International Financial Affairs: Miscellaneous Provisions, *except*: Secs. 2001; 2008
- Sec. 4501—Office of Barter and Countertrade

## Title XLVII (Secs. 4701-4711)—Assistance to Poland

- Sec. 4901—Sense of the Senate regarding Japanese purchase of new fighter aircraft

## Senate Conferees

*Committee on Foreign Relations*

## House bill:

- Sec. 316—Commercial personnel at the American Institute of Taiwan
- Sec. 323—Country reports on economic policy and trade practices
- Sec. 342—Trade liberalization in developing countries
- Sec. 343—Overseas Private Investment Corporation

## Sec. 344—Trade and Development Program

- Sec. 346—Limitation on procurement in foreign assistance programs
- Title III, Subtitle D (Sec. 351)—Protection of U.S. intellectual property

## Senate amendment:

- Title XVIII (Secs. 1801-1809)—Trade Enhancement
- Title XX (Secs. 2001-2012)—International Financial Affairs: Miscellaneous Provisions, *except*: Secs. 2001; 2008
- Title XLVII (Secs. 4701-4711)—Assistance to Poland, *except*: Secs. 4705-4709
- Sec. 4901—Sense of the Senate regarding Japanese purchase of new fighter aircraft

Committee on Foreign Regulations and  
Committee on Agriculture

## Senate Amendment:

- Sec. 4705—Agricultural assistance for Poland
- Sec. 4706—Donation of surplus agricultural commodities

## SUBCONFERENCE NO. 4—EXPORT ENHANCEMENT—Continued

## House Conferees

## Senate Conferees

Sec. 4707—Use of Polish currencies

Sec. 4708—Eligible products

Sec. 4709—Joint commission

Committee on Commerce, Science, and Transportation

House bill:

Sec. 345—Countertrade

Sec. 912—Reports on countertrade and offsets

Senate amendment:

Sec. 4501—Office of Barter and Countertrade

*Joint Conferees on specific provisions:**Committee on Ways and Means*

House bill:

Sec. 323—Country reports on economic policy and trade practices

Sec. 351—Protection of U.S. intellectual property

Senate amendment:

Sec. 2002—Report

*Committee on Banking, Finance and Urban Affairs*

House bill:

Sec. 344—Trade and development program

Senate amendment:

Sec. 1801—Multilateral development bank procurement

Sec. 1805—Tied aid credits and Trade and Development Program

Sec. 2012—Effective date

*Committee on Agriculture*

Senate amendment:

Sec. 4706—Donation of surplus agricultural commodities

*Committee on Energy and Commerce*

Senate amendment:

Sec. 1801—Multilateral development bank procurement

*Committee on the Judiciary*

House bill:

Sec. 351—Protection of U.S. intellectual property

Senate amendment:

Sec. 1806—Protection of U.S. intellectual property

*Committee on Merchant Marine and Fisheries*

Senate amendment:

Sec. 2011—Reflagging Kuwaiti vessels

*Additional Conferees on specific provisions:**Committee on Banking, Finance, and Urban Affairs*

House bill:

Sec. 345—Countertrade

Sec. 912—Reports on countertrade and offsets

Senate amendment:

Sec. 4501—Office of Barter and Countertrade

*Committee on Energy and Commerce*

House bill:

Sec. 316—Commercial personnel at the American Institute of Taiwan

Sec. 345—Countertrade

Sec. 912—Reports on countertrade and offsets

Senate amendment:

Sec. 1802—Commercial personnel at the American Institute of Taiwan

Sec. 4501—Office of Barter and Countertrade

*Committee on the Judiciary*

House bill:

Sec. 912—Report on countertrade and offsets

## SUBCONFERENCE NO. 4—EXPORT ENHANCEMENT—Continued

## House Conferees

## Senate Conferees

*Committee on Small Business*

## Senate amendment:

Sec. 1804 (insofar as it would add new section 661(d)(2)(B) to the Foreign Assistance Act of 1961)—Trade and Development Program

*Committee on Armed Services*

## Senate amendment:

Sec. 4901—Sense of the Senate regarding Japanese purchase of new fighter aircraft

## SUBCONFERENCE NO. 5—INTERNATIONAL FINANCIAL POLICY

## House Conferees

## Senate Conferees

*Lead House Committee: Committee on Banking, Finance and Urban Affairs**Committee on Banking, Housing, and Urban Affairs*

## House bill:

Sec. 322—Export-Import Bank

Title IV—International Financial and Trade Policy (Secs. 401-477), *except*: Subtitle D (Secs. 461-471)

Sec. 702—Financial services study

## Senate amendment:

Sec. 1101—Definition of export trading company

Sec. 1102—Leverage

Sec. 1103—Inventory

Sec. 1106—Amendments to section 2(e) of the Export-Import Bank Act of 1945

Title XIII (Secs. 1301-1305)—Exchange Rates and International Economic Policy Coordination

Title XV (Secs. 1501-1506)—National Treatment of Financial Institutions

Title XVII (Secs. 1701-1724)—International Debt

Title XIX (Secs. 1901-1911)—Multilateral Investment Guaranty Agency

Sec. 2001—Budget offset for MIGA authorization of appropriations

Sec. 2008—Limited purposes special drawing rights for the poorest heavily indebted countries

Secs. 2178-2180A—"Foreign Agricultural Investment Reform (FAIR) Act" (except sec. 2180B)

*Primary House Committee on specific provisions: Committee on the Judiciary*

## Senate amendment:

Sec. 1107—Amendments to the Export Trading Company Act

## House bill:

## House bill:

Sec. 322—Export-Import Bank

Title IV, Subtitle A (Secs. 401-408)—Competitive Exchange Rate Act of 1987, *except*: Sec. 407

Title IV, Subtitle B, Chapter 1 (Secs. 411-414)—Short Title; Findings; Purposes; and Definitions

Sec. 422—Provisions relating to the regulation of depository institutions

Sec. 427—Structural adjustment lending

Sec. 428—Equal access to government debt instruments required

Sec. 432—Mobilization of private capital

Sec. 433—More flexible procedures for rescheduling of debt service payments for less developed countries

Sec. 452—Provisions relating to Export-Import Bank

Title IV, Subtitle E (Secs. 476, 477)—Export Trading Company Amendments

Sec. 702—Financial services study

## Senate amendment:

Sec. 1101—Definition of export trading company

Sec. 1102—Leverage

Sec. 1103—Inventory

Sec. 1106—Amendments to section 2(e) of the Export-Import Bank Act of 1945

Sec. 1107—Amendments to the Export Trading Company Act

Title XIII (Sec. 1301-1305)—Exchange Rates and International Economic Policy Coordination

Title XV (Secs. 1501-1506)—National Treatment of Financial Institutions

*Committee on Banking, Housing, and Urban Affairs and Committee on Foreign Relations*

Sec. 407—Congressional recognition of the recommendations of the International Monetary Fund

Sec. 421—Limited purpose Special Drawing Rights for the poorest heavily indebted countries

Sec. 423—Negotiations to establish an international debt management authority to address sovereign debt

Sec. 424—Action by multilateral institutions

Sec. 425—Reducing capital flight

Sec. 426—Study and report on certain International Monetary Fund activities

Sec. 431—Private capital sources for developing nations

Sec. 451—Amendments to Trade and Development Enhancement Act of 1983

## Senate amendment:

Title XVII (Sec. 1701-1724)—International Debt

*Committee on Foreign Relations*

## House bill:

Title IV, Subtitle B, Chapter 4 (Secs. 436-445)—Multilateral Investment Guarantee Agency

## SUBCONFERENCE NO. 5—INTERNATIONAL FINANCIAL POLICY—Continued

## House Conferees

Title IV, Subtitle B, Chapter 5 (Secs. 446-447)—Inter-American Development Bank

## Senate Conferees

## Senate amendment:

Title XIX (Secs. 1901-1911)—Multilateral Investment Guaranty Agency

Sec. 2001—Budget offset for MIGA authorization of appropriations  
Sec. 2008—Limited purpose special drawing rights for the poorest heavily indebted countries

Secs. 2178-2180A—"Foreign Agricultural Investment Reform (FAIR) Act" (except sec. 2180B)

*Joint Conferees on specific provisions:**Committee on Foreign Affairs*

## House bill:

Sec. 451—Amendments to Trade and Development Enhancement Act of 1983

Sec. 702—Financial services study

## Senate amendment:

Sec. 1304—International negotiations on exchange rates and economic policy coordination

Sec. 1504—Biennial reports on foreign treatment of U.S. financial institutions

Sec. 1505—Fair trade in financial services

*Committee on Energy and Commerce*

## House bill:

Sec. 702—Financial services study

## Senate amendment:

Sec. 1503—Effectuating the principle of national treatment for brokers and dealers

Sec. 1505—Fair trade in financial services

*Committee on the Judiciary*

## Senate amendment:

Sec. 1908—Jurisdiction of U.S. courts and enforcement of arbitral awards

Sec. 1910—Arbitral awards

*Additional Conferees on specific provisions:**Committee on Foreign Affairs*

## House bill:

Sec. 322—Export-Import Bank

## SUBCONFERENCE NO. 6—AGRICULTURAL TRADE

## House Conferees

*Lead House Committee:**Committee on Agriculture*

## House bill:

Sec. 318—Agricultural trade policy

Sec. 319—Joint development assistance agreements with certain trading partners

Sec. 320—Food aid and market development

Title VI (Secs. 601-692)—Agricultural Trade, *except*: Subtitle G (Secs. 691, 692)

## Senate amendment:

Sec. 974—U.S. access to the Korean beef market

Sec. 975—U.S. access to the Japanese beef market

Title XXI (Secs. 2101-2199)—Agriculture, *except*: Secs. 2178-2180A; 2185-2188

*Joint Conferees on specific provisions:**Committee on Ways and Means*

## House bill:

Sec. 613—Study of Canadian wheat import licensing requirements

Sec. 626—Sense of Congress—Japanese beef market

Sec. 627—Sense of Congress—Korea's beef market

Title VI, Subtitle F (Secs. 671-682)—Domestic markets for Agricultural Commodities and Products, *except*: Sec. 676

## Senate Conferees

*Committee on Agriculture*

## House bill:

Sec. 318—Agricultural trade policy

Sec. 319—Joint development assistance agreements with certain trading partners

Sec. 320—Food aid and market development

Title VI (Secs. 601-692)—Agricultural Trade, *except*: Subtitle G (Secs. 691, 692)—Trade Policy Formulation and Implementation

## Senate amendment:

Sec. 974—U.S. access to the Korean beef market

Sec. 975—U.S. access to the Japanese beef market

Title XXI (Secs. 2101-2199)—Agriculture, *except*: Secs. 2178-2180A; 2185-2188

## SUBCONFERENCE NO. 6—AGRICULTURAL TRADE—Continued

## House Conferees

## Senate Conferees

## Senate amendment:

- Sec. 974—U.S. access to the Korean beef market
- Sec. 975—U.S. access to the Japanese beef market
- Sec. 2112—Agricultural trade with countries with large trade surpluses
- Sec. 2128—Assistance for victims of unfair agricultural trade practices and policies
- Sec. 2171—Application of marketing orders to imports
- Sec. 2173—Reciprocal meat inspection requirement
- Sec. 2174—Agricultural import data
- Sec. 2175—Monitoring egg imports
- Sec. 2191—Study of dairy import quotas
- Sec. 2193—Study of honey imports
- Sec. 2194—Study of circumvention of agricultural quotas

## Committee on Foreign Affairs

## House bill:

- Sec. 318—Agricultural trade policy
- Sec. 319—Joint development assistance agreements with certain trading partners
- Sec. 320—Food aid and market development
- Title VI, Subtitle A (Secs. 601-613)—Improvement of Agricultural Trade Policy and Market Development Activities, *except*: Sec. 613
- Sec. 621—Sense of Congress—Export assistance programs
- Sec. 622—Export Enhancement Program under section 1127 of the Food Security Act of 1985
- Sec. 623—Sense of Congress—Implementation of sections 1129 and 1167 of the Food Security Act of 1985
- Sec. 625—Export sales of government stocks at subsidized prices
- Sec. Title VI, Subtitle C (Secs. 631-649)—Agricultural Aid and Trade, *except*: Sec. 638—
- Sec. 651—Developing markets for wood and wood products under the short-term and intermediate-term export credit programs
- Sec. 653—Use of Department of Agriculture programs
- Sec. 663—International efforts to reduce grain production

## Senate amendment:

- Title XXI, Subtitle A (Secs. 2111-2114)—Findings, Policies, and Objectives, *except*: Sec. 2112
- Title XXI, Subtitle B (Secs. 2121-2129)—Agricultural Trade Initiatives, *except*: Sec. 2128
- Title XXI, Subtitle C (Secs. 2131-2139B)—Existing Agricultural Trade Programs, *except*: Secs. 2131; 2137; 2139
- Title XXI, Subtitle D (Secs. 2121-2147)—Agricultural Aid and Trade Missions
- Title XXI, Subtitle E (Secs. 2151-2159)—Public Law 480
- Title XXI, Subtitle F (Secs. 2161-2166)—Section 416
- Sec. 2180B—Use of commodities in lieu of cash
- Sec. 2181—Developing markets for wood and wood products under Public Law 480
- Sec. 2182—Developing markets for wood and products under the short-term and intermediate-term export credit programs
- Sec. 2184—Use of Department of Agricultural programs
- Sec. 2192—Report on intermediate export credit

## Additional Conferees on specific provisions:

## Committee on Ways and Means

## House bill:

- Sec. 605—Establishment of an Office to monitor trade practices
- Sec. 606—Establishment of an Office to provide assistance to victims of unfair trade practices
- Sec. 607—Long-term agricultural trade strategy
- Sec. 611—Technical assistance in trade negotiations
- Sec. 663—International efforts to reduce grain production

## Senate amendment:

- Sec. 2113—Elimination of barriers to agricultural trade
- Sec. 2114—Japanese barriers and tariffs on U.S. agricultural products
- Sec. 2136—Agricultural attaché reports

## Committee on Foreign Affairs

## House bill:

- Sec. 664—Sense of Congress—Minimum level of food assistance

## SUBCONFERENCE NO. 6—AGRICULTURAL TRADE—Continued

## House Conferees

## Senate Conferees

*Committee on Rules*

## Senate amendment:

Sec. 2131—Triggered marketing loan program

## H.R. 3 TRADE SUBCONFERENCES

## SUBCONFERENCE NO. 7—INVESTMENT; COMPETITIVENESS; FOREIGN CORRUPT PRACTICES ACT

## House Conferees

## Senate Conferees

*Lead House Committee:**Committee on Energy and Commerce*

## House bill:

Sec. 701—Foreign Corrupt Practices Act amendments

Sec. 703—Registration of foreign-held interests in U.S. property

Sec. 903—Competitiveness development program

Sec. 904—Related initiatives to support the program of enhanced competitiveness

Sec. 905—National security and essential commerce

Sec. 910—Impact of national defense expenditures on international competitiveness

## Senate amendment:

Title XIV (Sec. 1401)—Authority to review certain mergers, acquisitions, and takeovers

Title XVI (Secs. 1601-1605)—Foreign Corrupt Practices

*Committee on Banking, Housing, and Urban Affairs*

## House bill:

Sec. 701—Foreign Corrupt Practices Act amendments

Sec. 903—Competitiveness development program

Sec. 904—Related initiatives to support the program of enhanced competitiveness

Sec. 905—National security and essential commerce

Sec. 910—Impact of national defense expenditures on international competitiveness

## Senate amendment:

Title XIV (Sec. 1401)—Authority to review certain mergers, acquisitions, and takeovers

Title XVI (Secs. 1601-1605)—Foreign Corrupt Practices

*Committee on Commerce, Science, and Transportation*

## House bill:

Sec. 703—Registration of foreign-held interests in U.S. property

*Joint Conferees on specific provisions:**Committee on Foreign Affairs*

## House bill:

Sec. 701—Foreign Corrupt Practices Act amendments

Sec. 903—Competitiveness development program

Sec. 905—National security and essential commerce

## Senate amendment:

Title XIV (Sec. 1401)—Authority to review certain mergers, acquisitions, and takeovers

Title XVI (Secs. 1601-1605)—Foreign Corrupt Practices

*Committee on Banking, Finance, and Urban Affairs*

## House bill:

Sec. 905—National security and essential commerce

## Senate amendment:

Title XIV (Sec. 1401)—Authority to review certain mergers, acquisitions, and takeovers

*Committee on the Judiciary*

## House bill:

Sec. 905—National security and essential commerce

## Senate amendment:

Title XIV (Sec. 1401)—Authority to review certain mergers, acquisitions, and takeovers

*Additional Conferees on specific provisions:**Committee on Foreign Affairs*

## House bill:

Sec. 703—Registration of foreign-held interests in U.S. property

*Committee on Education and Labor*

## House bill:

Sec. 904—Related initiatives to support the program of enhanced competitiveness

*Committee on Science, Space, and Technology*

## House bill:

Sec. 904—Related initiatives to support the program of enhanced competitiveness

## H.R. 3 TRADE SUBCONFERENCES—Continued

## House Conferees

## Senate Conferees

*Committee on the Judiciary*

## House bill:

Sec. 701—Foreign Corrupt Practices Act amendments

Sec. 703(h)—Registration of foreign-held interests in U.S. property

## Senate amendment:

Title XVI (Secs. 1601-1605)—Foreign Corrupt Practices, *except*:  
Secs. 1601; 1602

## SUBCONFERENCE NO. 8—EDUCATION AND LABOR

## House Conferees

## Senate Conferees

*Lead House Committee:**Committee on Education and Labor*

## House bill:

Title V—Education and Training for American Competitiveness

## Senate amendment:

Title XXII—Employment and Training for Dislocated Workers

Title XXIII—Education for Economic Security

Title XXIV—Foreign Language Assistance

Title XXV—Education for Disadvantaged Children

Title XXVI—Educational Partnerships

Title XXVII—Training Technology Transfer

Title XXVIII—Higher Education

Title XXIX—Vocational Education

Title XXX—National Center for Research and Development in the  
Education of Gifted and Talented Children and Youth

Title XXXI—Assistance to Address School Dropout Problems

Title XXXII—Literacy Assistance

*Additional Conferees on specific provisions:**Committee on Science, Space, and Technology*

## Senate amendment:

Sec. 2305—Program for the coordination and joint support of mathematics, science, and engineering instruction authorized

*Committee on Labor and Human Resources*

## House bill:

Title V—Education and Training for American Competitiveness

## Senate amendment:

Title XXII—Employment and Training for Dislocated Workers

Title XXIII—Education for Economic Security

Title XXIV—Foreign Language Assistance

Title XXV—Education for Disadvantaged Children

Title XXVI—Educational Partnerships

Title XXVII—Training Technology Transfer

Title XXVIII—Higher Education

Title XXIX—Vocational Education

Title XXX—National Center for Research and Development in the  
Education of Gifted and Talented Children and Youth

Title XXXI—Assistance to Address School Dropout Problems

Title XXXII—Literacy Assistance

## H.R. 3 TRADE SUBCONFERENCES

## SUBCONFERENCE NO. 9—TECHNOLOGY

## House Conferees

## Senate Conferees

*Lead House Committee:**Committee on Science, Space and Technology*

## Senate amendment:

Title XXXVIII, Subtitle E (Sec. 3871)—Committee on Symmetrical  
Access to Technological ResearchTitle XXXVIII, Subtitle F (Secs. 3881-3884)—National Critical Ma-  
terials Council

Title XL—National Institute of Technology

Title XLI—Technology Extension Activities

Title XLII—Advanced Technology Program

Title XLIII—Reports on Semiconductors, Superconductors, and Ad-  
vanced Manufacturing TechnologyTitle XLIV—Authorization of Appropriations for Technology Ac-  
tivitiesTitle XLV (Secs. 4501-4505)—Miscellaneous Technology and Com-  
merce Provisions, *except*: Secs. 4501; 4502

Sec. 4902—Metric System

*Committee on Commerce, Science, and Transportation*

## Senate amendment:

Title XL—National Institute of Technology

Title XLI—Technology Extension Activities

Title XLII—Advanced Technology Program

Title XLIII—Reports on Semiconductors, Superconductors, and Ad-  
vanced Manufacturing TechnologyTitle XLIV—Authorization of Appropriations for Technology Ac-  
tivitiesTitle XLV (Sec. 4501-4505)—Miscellaneous Technology and Com-  
merce Provisions, *except*: Secs. 4501; 4502

Sec. 4902—Metric System

*Committee on Governmental Affairs*

## Senate amendment:

Title XXXVIII, Subtitle E (Sec. 3871)—Committee on Symmetrical  
Access to Technological ResearchTitle XXXVIII, Subtitle F (Secs. 3881-3884)—National Critical Ma-  
terials Council

## H.R. 3 TRADE SUBCONFERENCES—Continued

## House Conferees

## Senate Conferees

*Joint Conferees on specific provisions:*

*Committee on Ways and Means*

Senate amendment:

Sec. 3871—Establishment of Committee

*Committee on Foreign Affairs*

Senate amendment:

Sec. 3881—New national Federal program plan for advanced materials research and development

## SUBCONFERENCE NO. 10—GOVERNMENT PROCUREMENT

## House Conferees

## Senate Conferees

*Lead House Committee:*

*Committee on Government Operations*

House bill:

Title X (Secs. 1001-1004)—Buy American Act of 1987

*Joint Conferees on specific provisions:*

*Committee on Ways and Means*

House bill:

Title X (Secs. 1001-1004)—Buy American Act of 1987

*Committee on Government Affairs*

House bill:

Title X (Secs. 1001-1004)—Buy American Act of 1987

## SUBCONFERENCE NO. 11—PATENT LAW

## House Conferees

## Senate Conferees

*Lead House Committee:*

*Committee on the Judiciary*

House bill:

Title XIV—Patented Processes

Senate amendment:

Title XXXIII—Process Patent Amendments Act of 1987

Title XXXIV—Patent Misuse Doctrine Reform

Title XXXV—Licensee Challenges to Patent Validity

Title XXXVI—Pharmaceutical Patent Term Restoration Act Amendments

*Committee on the Judiciary*

House bill:

Title XIV—Patented Processes

Senate amendment:

Title XXXIII—Process Patent Amendments Act of 1987

Title XXXIV—Patent Misuse Doctrine Reform

Title XXXV—Licensee Challenges to Patent Validity

Title XXXVI—Pharmaceutical Patent Term Restoration Act Amendments

## SUBCONFERENCE NO. 12—SMALL BUSINESS

## House Conferees

## Senate Conferees

*Lead House Committee:*

*Committee on Small Business*

House bill:

Title XIII (Secs. 1301-1312)—Small Business

Senate amendment:

Title XXXIX (Secs. 3901-3912)—Small Business

*Primary House Committee on specific provisions:*

*Committee on Ways and Means*

House bill:

Sec. 186—Trade remedy assistance office

Senate amendment:

Title XXXVII (Sec. 3701)—Office of Small Business Trade Remedy Assistance

*Additional Conferees on specific provisions:*

*Committee on Ways and Means*

Senate amendment:

Sec. 3911—Trade negotiations

*Committee on Small Business*

House bill:

Sec. 186—Trade remedy assistance office

*Committee on Small Business*

House bill:

Title XIII (Secs. 1301-1312)—Small Business

Senate amendment:

Title XXXIX (Secs. 3901-3912)—Small Business

*Committee on Governmental Affairs*

House bill:

Sec. 186—Trade remedy assistance office

Senate amendment:

Title XXXVII (Sec. 3701)—Office of Small Business Trade Remedy Assistance

## SUBCONFERENCE NO. 12—SMALL BUSINESS—Continued

## House Conferees

## Senate amendment:

Title XXXVII (Sec. 3701)—Office of Small Business Trade Remedy Assistance

*Committee on Foreign Affairs*

## House bill:

Sec. 1303—Changes in existing Small Business Administration

Sec. 1304—Specific reports required

Sec. 1305—Export financing provided by the Administration

Sec. 1306—Small business development centers

Sec. 1310—National Conference on Small Business Exports

## Senate amendment:

Sec. 3902—Declaration of policy

Sec. 3903—Changes in existing Small Business Administration International Trade Office

Sec. 3904—Authorization of appropriations: Office of International Trade

Sec. 3905—Specific reports required

Sec. 3906—Export financing provided by the Administration

Sec. 3907—Small Business Export Assistance Centers

Sec. 3910—National Conference on Small Business Exports

Sec. 3912—Promulgation of regulations

*Committee on Banking, Finance, and Urban Affairs*

## House bill:

Sec. 1303—Changes in existing Small Business Administration

## Senate amendment:

Sec. 3903—Changes in existing Small Business Administration International Trade Office

Sec. 3906—Export financing provided by the Administration

*Committee on Science, Space, and Technology*

## Senate amendment:

Sec. 3909—Small business innovation research

## Senate Conferees

## SUBCONFERENCE NO. 13—COUNCIL ON COMPETITIVENESS

## House Conferees

*Lead House Committee:*

*Committee on Banking, Finance, and Urban Affairs*

## House Bill:

Title IV, Subtitle D (Secs. 461-471)—Council on Industrial Competitiveness Act

## Senate amendment:

Title XXXVIII, Subtitle A (Secs. 3801-3809)—Council on Economic Competitiveness

*Additional Conferees on specific provisions:**Committee on Foreign Affairs*

## House bill:

Title IV, Subtitle D (secs. 461-471)—Council on Industrial Competitiveness Act

## Senate amendment:

Title XXXVIII, Subtitle A (Secs. 3801-3809)—Council on Economic Competitiveness

*Committee on Energy and Commerce*

## House bill:

Title IV, Subtitle D (secs. 461-471)—Council on Industrial Competitiveness Act

## Senate amendment:

Title XXXVIII, Subtitle A (Secs. 3801-3809)—Council on Economic Competitiveness

*Committee on Science, Space, and Technology*

## House bill:

Title IV, Subtitle D (secs. 461-471)—Council on Industrial Competitiveness Act

## Senate Conferees

*Committee on Governmental Affairs*

## House bill:

Title IV, Subtitle D (Secs. 461-471)—Council on Industrial Competitiveness Act

## Senate amendment:

Title XXXVIII, Subtitle A (Secs. 3801-3809)—Council on Economic Competitiveness

## SUBCONFERENCE NO. 13—COUNCIL ON COMPETITIVENESS—Continued

## House Conferees

## Senate amendment:

Title XXXVIII, Subtitle A (Secs. 3801-3809)—Council on Economic Competitiveness  
Committee on Government Operations

## House bill:

Title IV, Subtitle D (secs. 461-471)—Council on Industrial Competitiveness Act

## Senate amendment:

Title XXXVIII, Subtitle A (Secs. 3801-3809)—Council on Economic Competitiveness

## Senate Conferees

## SUBCONFERENCE NO. 14—OCEAN AND AIR TRANSPORTATION

## House Conferees

Lead House Committee: Committee on Merchant Marine and Fisheries

## House bill:

Title XI (Secs. 1101-1110)—Ocean Transportation

## Senate amendment:

Title XLVI (Secs. 4601, 4602)—Foreign Shipping Practices

Lead House Committee: Committee on Public Works and Transportation

## House bill:

Title XII (Secs. 1201-1203)—International Air Transportation Fair Competitive Practices

## Senate amendment:

Sec. 4502—Amendments to International Air Transportation Fair Competitive Practices Act of 1974

## Senate Conferees

Committee on Commerce, Science, and Transportation

## House bill:

Title XI (Secs. 1101-1110)—Ocean Transportation

Title XII (Secs. 1201-1203)—International Air Transportation Fair Competitive Practices

## Senate amendment:

Sec. 4502—Amendments to International Air Transportation Fair Competitive Practices Act of 1974  
Title LXVI (Secs. 4601, 4602)—Foreign Shipping Practices

## SUBCONFERENCE NO. 15—SAFE FOOD IMPORTS

## House Conferees

Lead House Committee: Committee on Energy and Commerce

## Senate amendment:

Secs. 2185-2188—Safe Food Imports

Joint Conferees on specific provisions:

Committee on Agriculture

## Senate amendment:

Sec. 2188—Report

## Senate Conferees

Committee on Agriculture

## Senate amendment:

Secs. 2185-2188—Safe Food Imports

## SUBCONFERENCE NO. 16—FEDERAL BUDGET DEFICIT

## House Conferees

Lead House Committee: Committee on Government Operations

## House bill:

Title XVI (Secs. 1601-1603)—Federal Budget Competitiveness Impact Statement

## Senate amendment:

Title XLVIII (Secs. 4801-4803)—Reducing the Trade Deficit by Eliminating the Federal Budget Deficit

Joint Conferees on specific provisions:

Committee on Rules

## House bill:

Title XVI (Secs. 1601-1603)—Federal Budget Competitiveness Impact Statement

## Senate Conferees

Committee on Finance

## Senate amendment:

Title XLVIII (Secs. 4801-4803)—Reducing the Trade Deficit by Eliminating the Federal Budget Deficit

Committee on Governmental Affairs

## House bill:

Title XVI (Secs. 1601-1603)—Federal Budget Competitiveness Impact Statement

## SUBCONFERENCE NO. 16—FEDERAL BUDGET DEFICIT—Continued

## House Conferees

## Senate Conferees

*Additional Conferees on specific provisions:*

*Committee on the Judiciary*

*Senate amendment:*

Title XLVIII (Secs. 4801-4803)—Reducing the Trade Deficit by  
Eliminating the Federal Budget Deficit

## SUBCONFERENCE NO. 17—TRADE DATA AND STUDIES; SEMATECH

## House Conferees

## Senate Conferees

*Lead House Committee: Committee on Energy and Commerce*

*House bill:*

Sec. 901—Competitiveness impact statements

Sec. 902—National trade data bank

Sec. 911—Development of semiconductor manufacturing technology

*Senate amendment:*

Title XXXVIII, Subtitle B (Secs. 3811-3824)—National Trade Data Bank

Title XXXVIII, Subtitle C (Secs. 3851-3854)—Studies

Title XXXVIII, Subtitle D (Secs. 3861-3867)—Interagency Coordinating Committee on Federal Participation in Sematech

*Joint Conferees on specific provisions:*

*Committee on Ways and Means*

*House bill:*

Sec. 901—Competitiveness impact statements

Sec. 902—National trade data bank

*Senate amendment:*

Title XXXVIII, Subtitle B (Secs. 3811-3824)—National Trade Data Bank

*Committee on Foreign Affairs*

*House bill:*

Sec. 901—Competitiveness impact statements

Sec. 902—National trade data bank

*Senate amendment:*

Title XXXVIII, Subtitle B (Secs. 3811-3824)—National Trade Data Bank

Sec. 3851—Study of U.S. barriers to U.S. exports

Sec. 3854—Impact of foreign financial and regulatory systems

*Committee on Banking, Finance, and Urban Affairs*

*House bill:*

Sec. 902—National trade data bank

Sec. 911—Development of semiconductor manufacturing technology

*Senate amendment:*

Title XXXVIII, Subtitle B (Secs. 3811-3824)—National Trade Data Bank

Sec. 3854—Impact of foreign financial and regulatory systems

Title XXXVIII, Subtitle D (Secs. 3861-3867)—Interagency Coordinating Committee on Federal Participation in Sematech

*Committee on Science, Space, and Technology*

*House bill:*

Sec. 911—Development of semiconductor manufacturing technology

*Senate amendment:*

Sec. 3852—Resource needs

Sec. 3853—Manufacturing base

Title XXXVIII, Subtitle D (Secs. 3861-3867)—Interagency Coordinating Committee on Federal Participation in Sematech

*Committee on the Judiciary*

*Committee on Governmental Affairs*

*House bill:*

Sec. 901—Competitiveness impact statements

Sec. 911—Development of semiconductor manufacturing technology

*Senate amendment:*

Title XXXVIII, Subtitle B (Secs. 3811-3824)—National Trade Data Bank

Title XXXVIII, Subtitle C (Secs. 3851-3854)—Studies

Title XXXVIII, Subtitle D (Secs. 3861-3867)—Interagency Coordinating Committee on Federal Participation in Sematech

*Committee on Governmental Affairs and Committee on Banking, Housing, and Urban Affairs*

*House bill:*

Sec. 902—National trade data bank

## SUBCONFERENCE NO. 17—TRADE DATA AND STUDIES; SEMATECH—Continued

## House Conferees

## Senate Conferees

## Senate amendment:

Title XXXVIII, Subtitle D (Secs. 3861-3867)—Interagency Coordinating Committee on Federal Participation in Sematech

# OUTRAGE OVER SOVIETS TURNING HAWAII INTO AN INTERCONTINENTAL BULLSEYE

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Hawaii [Mrs. SAIKI] is recognized for 5 minutes.

Mrs. SAIKI. Mr. Speaker, a little more than 24 hours ago, the Soviet Union test fired an intercontinental ballistic missile into the Pacific. That missile landed only 500 miles northwest of the Hawaiian Islands. Forty-eight hours before, another Soviet missile was scheduled to be fired toward the same target zone. That test was a failure.

The Soviets also had a second zone just 360 miles southwest of Hawaii. Had that target area been used, those Soviet missiles would have flown over the sovereign territory of the United States before splashing down.

Mr. Speaker, I know I speak for every resident of the 50th State in expressing my outrage and concern about the Soviets turning Hawaii into an intercontinental bullseye. If one of those missiles had strayed, if the guidance system had failed, our Nation could have faced a disaster in the Pacific.

We must not let the Soviet Union turn American territory into missile targets without expressing our gravest opposition. This is more than a shot across our bow; these tests were shots targeted directly at the ship of State.

This is the first time that a superpower has tested an ICBM as close to another's territory. The just concluded tests appear to be a further Soviet violation of the SALT II Treaty.

Mr. Speaker, I cannot help but conclude that the Soviet Union has deliberately provoked the United States. Its brazen action is a direct threat to the security of our country.

In the missile age, Hawaii is the next door neighbor of California, of Kansas, of Ohio, and of New York. A Soviet missile test into Hawaiian waters is a test into the waters of Virginia or Florida.

Mr. Speaker, the Congress needs to make a clear statement to the Soviet Union that we will not tolerate this or any other form of nuclear intimidation. I have introduced a concurrent resolution condemning the Soviet action and requesting that the President report to the Congress on the Soviet's explanation for these tests. This resolution calls upon our Government

to protest to the Soviet Union at the highest levels.

I encourage my colleagues to cosponsor this resolution and I hope that the House will take up this matter quickly so that we can send a firm and strong message to the Soviet Union.

Mr. DORNAN of California. Mr. Speaker, will the gentlewoman yield?

Mrs. SAIKI. Certainly, I yield to the gentleman from California.

Mr. DORNAN of California. Mr. Speaker, I am certainly glad the gentlewoman took this special order tonight to bring this to the attention of the House, because we have been so busy with other business today that the other body, which we are now allowed to refer to by its proper name, the U.S. Senate, did something that is unusual. Usually we are more on top of the news, but in this case this morning they spent several hours, and I am very proud of our junior Senator from California, Senator PETE WILSON, because he took the lead and kicked off a debate this morning with maps, charts, and graphs and discussed this in depth, not only this incident—there could have been two incidents, because as the gentlewoman has pointed out, there was the failed launch, that thank heavens we know about from our surveillance—but this has happened in the past and it shows up that the Soviet Union has a business-as-usual attitude.

I had a briefing in my office this morning on the shooting incident, that thank heavens did not turn out to be the "let 'em bleed to death" murder of Maj. Arthur D. Nicholson, but with these new Americans that were shot, one of them wounded in the arm by a flying fragment, it was not border guards, but it was Russian special forces, dressed, if you can believe this, right out of a James Bond film, in black tennis shoes, black raincoats, and black berets, and because our men did not respond to a command, a legal team allowed to be surveilling in Potsdam, they opened fire with machine pistols and blew all the windows out of this vehicle. Our men stayed on the floor. One of them was wounded in the arm by a ricochet. Then they came over and tried to force entry into the vehicle, finally took our men out of the vehicle, put them spread legged up against the vehicle and would not allow the driver to help the wounded officer, in the same manner as they allowed Arthur D. Nicholson to bleed to

death when his partner wanted to apply a tourniquet.

So it is business as usual, down the missile range to Hawaii, shooting our men, and all smiles in Geneva and in New York.

The SPEAKER pro tempore. The Chair would tell the Members that they are not to make reference to debate in the other body. The Chair would ask that Members consider that in their comments.

## THE AIDS PANDEMIC

The SPEAKER pro tempore. Under a previous order of the House, the articulate gentleman from Indiana [Mr. BURTON] is recognized for 5 minutes.

Mr. BURTON of Indiana. Mr. Speaker, today a number of us, including Congressman DORNAN and Congressman DANNEMEYER and some staff folks, had an opportunity to meet with Dr. Allen Salzberg, an eminent doctor and scientist, to talk about the AIDS epidemic and a computer model which he has done which projects the AIDS epidemic through the year 2007.

Now, last night on this floor I talked to my colleagues urging them to attend. I think there were only four of us there, plus a number of staff people.

But the things that bothered me the most about this meeting were the figures, the devastating impact it is going to have on the United States as far as its citizenry is concerned, the number of people dying and the tremendous fiscal impact it is going to have on our country.

For instance, let me give you some figures. If we start testing, by 1990, within 2 years, we are still going to have 2.2 million people dead or dying by the year 1995.

Now, listen to that. If we start testing everybody in this country, by the year 1990, we are still going to have approximately 2.2 million dead or dying from AIDS and another 3.3 million carrying the disease, spreading the virus to other people, and those 3.3 million who will have the virus, but the actual full-blown AIDS would not yet be manifested in them, those 3.3 million on an average would get full-blown AIDS within 12 years.

Now, the fiscal impact, if we started testing in 1990, we would have a cost to the taxpayers of \$220 billion and a net economic impact of \$740 billion; but that is not the worst of it. That is

the best-case scenario. If you take the worst-case scenario and continue going about business as usual, as we have been doing, we will have in 1995 almost 5 million Americans dead or dying from AIDS, and 14 million people infected, 80 percent of whom will get full-blown AIDS within 12 years and die if we keep going the way we are right now.

Mr. DORNAN of California. Mr. Speaker, will the gentleman yield for one moment here?

Mr. BURTON of Indiana. I am happy to yield to the gentleman from California.

Mr. DORNAN of California. Mr. Speaker, these statistics that the gentleman is giving are so astounding and the newest available that I just want to set the scene for people who are paying attention to this special order.

The gentleman sent out a "Dear Colleague" letter to the entire House last night, all 434 Members, other than the gentleman himself. We have everybody here, every seat is filled now, 435, and only 3 people showed up—

Mr. BURTON of Indiana. Four.

Mr. DORNAN of California. Four, that is right, the gentleman from Georgia [Mr. ROWLAND]; four people showed up. Usually it is only three. Three of the four are the ones who are always there on this issue, the gentleman from Indiana and the two gentlemen from California, Congressmen DANNEMEYER and DORNAN, who coincidentally just happened to have adjoining districts and no reason at all to work the issue.

I just wanted our colleagues to understand that the figures the gentleman is giving tonight are bordering on apocalyptic and we had better start to pay attention. We finally got the President to understand this may be the major issue of his last year in office and a few of us hammered on him to come to that realization.

Now, other than the gentleman from California [Mr. WAXMAN] who has the Health Committee responsibility, the three of us are taking a special order tonight, three 5-minute special orders, to give a little 15-minute continuity to this.

I know the gentleman from Indiana has to catch an airplane within a few minutes, so go for it.

□ 1715

Mr. BURTON of Indiana. Mr. Speaker, I would like to go on with these figures because that is within 7 years. Within 7 years we are going to have a minimum of 2 million people dead or dying and 3.3 million carriers at a total cost and impact to this country of \$740 billion, or we will have almost 5 million dead or dying if we continue like we are going and 14 million carriers with a net fiscal impact of \$1.3 trillion.

Bear in mind that the national debt today is only about \$2 billion or a little over \$2 billion, and we are talking about a fiscal impact from AIDS alone of \$1.3 trillion by the year 1995 if we continue the laissez-faire attitude toward AIDS that we have.

We must get on with mandatory testing.

But now let us take it to the year 2005, 17 years hence when our kids, 6, 7, 8 years old will be coming to the full bloom of life, their early twenties. By the year 2005 if we continue on the road we are traversing we are going to have 25 million Americans dead and dying, according to this computer model, and 45 million additional people carrying the virus, 80 percent of whom in all probability will be dead or dying within 12 years after that.

The fiscal impact will be \$8.2 trillion, over four times the national debt we have today.

So as my colleagues can see it is going to have a devastating impact. However, if we get on with testing, mandatory testing, of everybody in our society, or at least those people from let us say the age 14 to age 60, we would see that figure drop from 25 million dead or dying to 3.4 million dead or dying and 1.4 million carriers instead of 43 million carriers. That is what testing, contact tracing and education combined can do to stem the tide of this epidemic.

The SPEAKER pro tempore (Mr. STAGGERS). The time of the gentleman from Indiana [Mr. BURTON] has expired.

#### CREDIT CARD ISSUERS' COSTS DROP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, credit card issuers often contend that high interest rates are a necessary consequence of what they call a high risk business. They often cite that credit cards, as unsecured loans, carry higher rates than secured loans (auto loans, home mortgages, et cetera.) because of the greater risk to the issuer. I certainly do not contest the greater risks involved in issuing credit card credit. I will readily concede that the costs of doing business for credit card issuers are in many ways unique, and therefore higher than the costs involved in processing other types of consumer credit. Credit card credit is extended in relatively small amounts, can be called upon immediately, and can be repaid under highly flexible terms. All great conveniences to the consumer. Yet, I find that when listing the different costs of doing business, these companies frequently overlook, quite innocently I am sure, the cost of funds and what percentage of their total cost of business they represent.

Funds are now costing bank card issuers 6 percent, while they are charging the consumer 18, 19, 22 percent and more. It hardly takes

Malcolm Forbes to show someone how to make money at those rates. Those funds represent almost 50 percent of the actual costs of doing business. When issuers do mention that the cost of funds comprise almost 50 percent of their cost of doing business, they are quick to point out that the cost of funds represents 80 to 90 percent of the interest charged to the consumer on other consumer loans. Demonstrating, they feel, the disproportionately higher cost of conducting their credit card business.

I will concede the truth of this and admit that the higher administrative costs of processing credit card debt are a necessary evil. These costs are rightfully passed on to the consumer. Credit cards are a convenience whose flexibility and usefulness extends beyond the scope of a conventional loan. But this does not give credit card companies the license to engage in sloppy business practices. There are no excuses for a lax response to credit card fraud or the extension of credit to unworthy or risky customers.

Second, and more to the point, comparison of funds' costs among different types of consumer loans is questionable at best. The reality is that the cost of funds for credit cards still represents almost 50 percent of the cost of doing business. It is an important and not-to-be-overlooked element in outlining the cost of extending credit card credit. This, I might add, is something credit card companies quickly pointed out when the cost of these funds was increasing. Why the sudden reluctance to address it now? As I said, an innocent oversight I'm sure.

Why is it then, that after drastic reductions in the cost of funds—reductions of over 50 percent in the past 6 years—that credit card interest rates have gone up rather than down?

If the market was functioning properly, the dramatic decline in the cost of funds should have resulted in at least a modest decline in credit card interest rates. I am forced to conclude, that when left to their own devices, credit card issuers are not averse to balancing their ledgers on the backs of the American people. Therefore, I fear that we cannot trust these institutions to act voluntarily to cut interest rates.

A number of credit card issuers are charging rates of 14 percent or below and are making money on their programs. For example, banks in both Arkansas and Connecticut, States with 11 and 15 percent caps respectively, profitably conduct credit card businesses. In fact, many rates in those States have dropped below the ceilings, and the caps appear to have spurred a competitiveness that had not previously existed. This appears to bolster the contention that banks have kept interest rates artificially high in order to generate record profits.

We must also remember that most of these lower rates come from smaller issuers. These are issuers that do not benefit from the economies of scale enjoyed by the large money-center banks. Also, increased automation and the distribution of costs to a broader base of card users should both act to diminish costs.

Rather than compete with lower-rate small issuers, the large issuers can afford to move

their operations to States with more favorable (to them) usury laws and then market their cards at higher rates. This is why a national cap on interest rates is needed. Large money-center issuers must not be allowed to avoid the law by simply moving to another State. States hesitate to pass restrictive legislation fearing they will lose their largest card issuers to States with more lenient laws.

During the late 1970's and early 1980's, as the cost of funds increased, credit card companies offset those increases by modifying their charge structure. With interest rates already straining the tolerance of most card holders, issuers instituted new fees and charges. Annual fees were widely introduced a few years ago to compensate for the issuer's inability to raise interest rates in response to the increased cost of funds. But why, as the cost of funds has sharply fallen, have issuers not removed this charge?

While disclosure of credit card information is important, it is not a substitute for interest rate caps. The American people know this and overwhelmingly support—74 percent in an NBC News poll—legislation to bring these artificially high and usurious rates down. It is incumbent upon us as legislators to accept our regulatory responsibility and act to protect the American consumer from the tyranny of greed to which they are being subjected.

When the credit card information disclosure bill reaches the floor I will act to protect the American consumer from the depredations of an uncaged credit card industry. I will offer an amendment to cap credit interest rates. It is a floating cap at eight points above the yield on 1-year Treasury securities, adjusted quarterly. It would allow lower State caps to remain in effect. If in effect today, this would provide for a national cap of almost 15.5 percent. While I am sure that the credit card industry will cry out in pain, claiming this measure to be harsh and unfair, it is a gentle and reasoned response to a beast that has run wild long enough. Without this measure we are only throwing the American consumer to the lions of greed.

#### THE AIDS EPIDEMIC

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DANNEMEYER] is recognized for 5 minutes.

Mr. DANNEMEYER. Mr. Speaker, I yield to my friend, the gentleman from Indiana [Mr. BURTON], to complete his statement.

Mr. BURTON of Indiana. Mr. Speaker, I appreciate the gentleman from California yielding.

Mr. Speaker, the fiscal impact, if we have this laissez-faire attitude through the year 2005, is going to be \$8.2 trillion. But compare that to \$1.3 trillion if we get on with the testing program, followed up with contact tracing and doing the other things that are rational to deal with this epidemic.

We are at the crossroads right now and we have about 2 years to start dealing with this problem.

My colleague from California, Mr. DANNEMEYER, and my colleague from California, Mr. DORNAN, understand the gravity of this situation. The problem is we need to convince another 225 Members of this body approximately to get on with doing what has to be done, and at least 51 Members in the other body.

I urge my colleagues who may be watching in their offices to please study the statistical data on these computer models we are going to send to you, because the future of the United States and possibly the world depends upon quick action.

Again I thank the gentleman from California for yielding.

Mr. DANNEMEYER. Mr. Speaker, I want to announce to my colleagues in the House that the gentleman from California [Mr. WAXMAN], chairman of the Health and Environment Subcommittee on which I serve, has announced that our subcommittee will probably hold hearings or a markup session rather next week on the subject of proposed legislation in the 100th Congress to deal with a rational response to the AIDS epidemic that we now have in this country. The bills that we will see introduced are in marked contrast to what this Member from California believes that we should be doing.

The gentleman from California [Mr. WAXMAN] is the principal author of H.R. 3071, which has a feature relating to testing in it, but the provision of H.R. 3071 relating to testing is decidedly not the program this Nation needs. The program to be offered by the gentleman from California [Mr. WAXMAN] in H.R. 3071 would authorize about \$400 million a year for the next 3 years for the purpose of setting up alternate testing sites around the country where anonymous testing would take place. That is the wrong type of testing, because in anonymous testing the individual who tests positive for the virus is not accountable to anybody in the health care system as to what that status is.

The point that our colleague, the gentleman from Indiana [Mr. BURTON], was making just a few moments ago relates directly to this very point of anonymous testing versus how we normally test people for communicable disease. We identify the person and communicate that person's name to public health authorities, which is held in confidence, and it should be held in confidence. But the whole thrust of what the gentleman from Indiana [Mr. BURTON] is talking about is that if we want to reduce the incidence of this disease in America we have to test where persons who are tested are identified as to having or being positive for the virus. The rationale is that if a person knows they have the virus there is a chance that that person will conduct himself or

herself more rationally and avoid engaging in conduct that will result in the transmission of this fatal virus to another human being. That would be what is called the duty side of the coin of which many thoughts today are being expressed about on the rights side. I have a right to do many things, but it is time we talk in this country about the people in this country having the duty to avoid afflicting other people with a virus.

So the concept of anonymous testing I think is the wrong course for the Nation to take.

This Member from California will be offering an amendment to that bill which will provide for testing of people whereby those treated are informed as to their status, the results of the test are communicated to public health authorities and retained in confidence. The existing system of confidentiality has worked effectively to control those with communicable disease. One of the ironies of this whole public debate in America is that we routinely report those with a communicable disease. In my State of California, 58 diseases are on the list of reportable diseases, and yet we are balking today as a nation at embarking on a course which historically and routinely has been used to control communicable disease; namely, testing people for the presence of the virus, and it is a policy option that we will be considering in the subcommittee next week. If the bill comes out of the committee and onto the floor of the House, I am sure that the Members will have a chance to vote on that issue here as well.

#### THE VETERANS' ADMINISTRATION: HUMANIZING HEALTH CARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi [Mr. MONTGOMERY] is recognized for 5 minutes.

Mr. MONTGOMERY. Mr. Speaker, I doubt there is a more just or more precise description of the quality of care delivered by the employees of our Veterans' Administration hospitals than the one contained in the following words of appreciation: "My heart goes out to the volunteers, the staff—so overworked and overloaded—and all those at the facility who take difficult, demanding, yet routine days and somehow manage to humanize an institution and remember the patients as people."

Though these words are directed at employees of our fine VA hospital at Salisbury, NC, they are representative of messages received by the Veterans' Affairs Committee from across the country—letters and calls from patients, family members and friends of patients who recognize and appreciate compassionate health care and treatment.

Mr. Speaker, the 194,000 employees of the Veterans' Administration Health Care Delivery System have been charged with a great re-

sponsibility, a noble mission—caring for the Nation's defenders. They are meeting and overcoming the challenges of this mission with a remarkable blend of dedication, tenacity and love. They have earned our admiration; they deserve our support. The following letter is but one reason why:

HARPERS FERRY, WV,  
September 18, 1987.

Hon. G.V. (SONNY) MONTGOMERY,  
Chairman, Veterans Committee, House of Representatives, Washington, DC.

DEAR CHAIRMAN MONTGOMERY: I had occasion these last 6 months to spend numerous week-ends at the Veterans Hospital in Salisbury, N.C. while my father was a patient there. I was greatly impressed by this facility and the personnel. Since one hears so many negatives regarding veterans care, I wanted to take this opportunity to give credit where credit is due. And as a Hill staffer for over 12 years (Rep. Russo), I also wanted to offer any assistance I might ever provide in vouching first-hand for the work of the veterans hospitals and why they need more funds and staff.

I can't speak to all the day-to-day particulars and decisions regarding my father's care since I was only there for visits. But I do know this—he is at home in Charlotte now, just released, after recovering from a stroke and pneumonia and finally gaining weight. He is 89 years old, a veteran of World War I and II, and no small amount of credit must go to him for his own spirit and determination, but I am also convinced that he is home now because the hospital personnel gave him such fine care. And I saw first-hand the outstanding work on the Intensive Care Ward and that when he went to 2-5/A from there, the excellent doctors, social worker, nurses, nurses aides, even cleaning staff paid attention, took a real interest.

You can stick someone in a room and give them meals and medicine, but that's not what gets them home. It was countless people, many of whom I probably never even met, who were taking care of my father's eyes, his teeth, his diet, his medication, his need for therapy, for conversation and reassurance. When he first arrived at the hospital last February and spent weeks in Intensive Care, I would never have anticipated that he would live to walk again, much less go home.

The hospital itself creates a healing environment. When I sat on the grounds, or in the lobby of the hospital, or visited the store or the cafeteria or the recreation room with my Dad, or just walked the hallways, I got a sense of a place in which one would be cared for. I could see how much is provided for the veterans, to the extent possible—materials and equipment in the therapy rooms, decorated bulletin boards and pretty display cases, T.V. lounges, lovely flowers planted out front and trimmed lawns, a library and volunteer services, good meals served on time, polished floors, attractive sitting areas, church services, entertainment.

I especially appreciated the personal touch—hospital police assisting me when I got dad in and out of a car, pleasant greetings wherever you went, nurses aides and nurses who took extra time to visit dad, the social worker who spent time with dad as well as my mother when she visited, the doctors' fine medical attention, the therapists retrieving him from withdrawal with drawing and rocking, and learning to walk. Once, I remember vividly, I broke down in tears in the cafeteria, exhausted and worried, and without missing a beat the cashier

rushed over to me and hugged me and told me everything would be fine.

I'm sure there are many things I have forgotten to mention, but the main point is that the personnel care. Even the patients well out of touch receive smiles and greetings and there are efforts to provide "special occasions" for the patients—like Beach Week this past Labor Day week on Ward 5A. And even now the attentive doctors and social worker are doing important follow-up work to assist my parents at home and arrange check-in appointments for my Dad.

It is such a draining experience to be visiting in a hospital and your anxiety is so high regarding your loved one. However, as time passed, I was made to feel at home and I could be more reassured that Dad was in good hands. My heart goes out to the volunteers, the staff—so overworked and overloaded—and all those at the facility who take difficult, demanding, yet routine days and somehow manage to humanize an institution and remember the patients as people.

I don't doubt that this is not a perfect facility and that there are those working there who don't fit the description I've given. But I do know what I witnessed on 5A and how the hospital was kept in terms of appearance and opportunities provided for the veterans. I am deeply grateful and heartened to know that such a facility exists for veterans. The Salisbury Hospital is a very special place and 2-5A personnel exceptional.

Thank you for your attention. Again, if I can ever help in any way in speaking favorably about veterans hospitals and the vital role they play for countless veterans and their families, please feel free to contact me.

Sincerely,

CAROL GALLANT.

#### THE AIDS EPIDEMIC

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DORNAN] is recognized for 5 minutes.

Mr. DORNAN of California. Mr. Speaker, picking up, as I said, where my colleague from California [Mr. DANNEMEYER] left off, and where the gentleman from Indiana [Mr. BURTON] left off, this AIDS pandemic that is facing this Nation and the world, when explained carefully as this doctor did at the briefing that the gentleman from Indiana [Mr. BURTON] instigated this morning, when it is laid out carefully and projected beyond the year of 1991, which is the only year that my good friend, the Surgeon General, Dr. Everett Koop, has talked about, the figures are bad enough then, 300,000 dead and dying and possibly 1.5 to 4 million people carriers of this what will probably by then be proven always fatal disease, when we look at these scenarios worked out with this very careful computer modeling out to 1995, there are some stunning facts that have to get across to the country.

Coincidentally to the gentleman from Indiana's [Mr. BURTON] briefing this morning, which started at 10 o'clock, on the east coast the "Phil Donahue Show" was airing and Mr. Donahue and his producers devoted

his whole hour to AIDS and all of the figures they were using were off by a considerable margin. For example, he put up on the screen that there were 30,000 cases in the United States. Every week, as I have said on this floor, I get an extract from the Health and Human Services Department of our Government, and the figure for this week is 42,200-plus confirmed cases. This does not include ARC's. If we double that, that is almost 48,000. Forty-eight thousand is way beyond the 42,000 cases, so more than half have died, it is pressing 60 percent dead already. If we take that doubled figure, 48,000, that is already a thousand deaths, and we have reached the halfway mark of that, beyond the 47,000 combat deaths in Vietnam. So we are already at a crisis figure.

Now when we look at this computer model just 8 years out we are hearing about a million deaths. This is three times the total of Americans lost in every war from the Revolutionary War, which gave birth to this Nation, where we lost 4,435, through the Civil War, which was way over half a million, through World War II, which is 312,000-some KIA and hundreds of thousands of casualties. The mind can hardly comprehend what is happening here.

At every one of these briefings there is one totally new thought that I walk away with, something just totally new to me. Here is the one from this 1½ hours briefing this morning.

When we say high-risk groups in these AIDS discussions, in polite conversation what we are really talking about today are homosexual groups and intravenous drugs users who are not using legal prescription drugs and needles, like say hemophiliacs that have already taken a tremendous death toll, almost 100 percent penetration of their ranks, 10,000, 12,000 in this country; we are not talking about people who have diabetes, we are talking about people who use dirty street needles. Those are what we call high-risk groups.

Guess what? The high-risk group 8 years from now is now in grade school, it is the teenagers. That is the high-risk group that these doctors that have run several models of a worst case scenario down to what he calls the way we are handling this issue today in the U.S. Congress, the laissez-faire attitude, he says whatever we are doing now, whatever they talked about on the "Donahue Show," the doctor saying education is the answer, he says all of that amounts to so little it is laissez-faire, nothing, and when we look at all of these scenarios for 8 years out, our children that are today in grade school, or about to enter grade school, as the oldest of my six grandchildren who entered first grade last week, these people are the people

that are going to be the high-risk group out there. He said they talk about, and they did this on the "Donahue Show" this morning, blacks, poor economic groups in major cities, Hispanic groups in major cities, the homosexual groups, and then he said put all of them together and it does not matter compared to the high-risk group of teenagers.

One of my staffers just got back from the Philippines, my chief of staff, where he met with a Dr. Soriano, and Jose I believe is his first name, and he wears three hats for President Cory Aquino. He is head of the intelligence, he is their national security advisor, and he also is the head of the management crisis team of that country.

My final line. His first question to our staffers, with his country in chaos and the Communist army out there trying to overthrow them, his first question was about the United States exporting AIDS, and they spent an hour talking about AIDS.

The whole world is looking at us. We had better approach this carefully and begin mandatory testing of as many groups as we can across this country. Probably 150 million of us are going to have to be tested, and even if it costs \$2 billion it is a bargain at any rate.

Here is a current analysis, Mr. Speaker:

#### ANALYZING AND CONFRONTING THE AIDS EPIDEMIC

AIDS is a unique threat. First it is a retrovirus which is incorporated into the genetic material of the cell. Second it attacks the immune system. Third it is deceptive in that although it is not thought to be transmitted by casual contact and has a very low infectivity per unit time, it has an average asymptomatic period of infectivity which is about 12 years. Furthermore, once infected the victim carries the virus for life, and infected mothers have about a 50 percent probability of transmitting it to their babies. Once symptoms appear, the mortality is 100 percent. Consequently this disease is out of the ken of our experience, and accurate estimates of its true lethality are dependent on mathematical analysis. Estimates limited to 1991, as bad as they are must markedly underestimate the deadliness of this disease.

We developed a mathematical model of this disease using a heterogeneous population consisting of high (gay males and IV drug users primarily) and low risk groups. The computer results which will appear later have been duplicated by other investigators independently, including a group at Los Alamos. Given 1.2 million carriers, 40,000 cases of which 2,000 are in the low risk heterosexual population, 24,000 deaths and a date of entry in the United States of 1976 we derived the following:

1. A mean lifetime of 1.5-1.8 years once the symptoms appear
2. An incubation time whose mean is 12 years.

The first of these needs no explanation. The second could be surprising. However various studies following infected populations through time, mainly male homosexuals but also one group of infected females

who were lovers of infected males, yielded the following probabilities of developing clinical AIDS after being infected with HIV: 10 percent after 1 year, 20 percent after 2 years, 35 percent after 5 years and 50 percent after 10 years. These are consistent with a 12 year mean incubation. It is this very long incubation time which drives the epidemic. If the infectivity rate were less than one case per index case every 12 years the epidemic would be self limiting. If greater the disease will grow in a near exponential manner.

The same analysis which led to the above results yielded an average historical infectivity rate of one case every 8 months in the high risk groups, an average crossover rate from the high risk group to the heterosexual group of one case per index (already infected) case every 30 years and a heterosexual transmission rate of 1 case every 3-4 years of exposure. The crossover is mainly to sexual partners; however, there have been cases transmitted accidentally in medical settings. Helping to corroborate these estimates was a recent article in *The Journal of The American Medical Association* wherein it was found that about 25 percent of female lovers of HIV positive males became infected in 1 year. This translates to approximately a 0.3 percent probability of infection per unprotected vaginal intercourse. It is noteworthy that "safe" or a better nomenclature "less risky sex" would only serve to prolong the time to infection of a steady partner of an infected individual. However from an epidemiological standpoint "less risky sex" does slow the rate of spread of the epidemic. As will be shown it is most unlikely that it would, by itself contain the epidemic.

Sexual practices have improved among the gay males so that the baseline infectivity used in this analysis will be one case every 18 months. By contrast, there has been little improvement in the gonorrhea rates amongst heterosexuals. The model also allows us to examine the potential gains made by identification of the carriers through a generalized and cyclic testing program coupled with counseling and other possible measures. A nominal 85 percent test cycle (twice a year for the highest risks, yearly for the rest) efficacy was assumed. However reducing the test efficacy to 50 percent cycle has but a marginal effect on the results. This shows that a small number of carriers missed by the test will have little impact on the spread of the disease. However further reductions do have a profound negative impact, and so it is highly unlikely that a voluntary approach would suffice. The computations assume a 90 percent reduction in the average transmission rates for known carriers (hopefully by voluntary means). Sensitivity analysis shows that lowering the mean incubation time to 9 years, which is the value obtained by a British study of cases transmitted by transfusion, has less than a 20 percent change in the predicted outcomes.

The results of the computer projections are given in the next 5 graphs and table 1. Included are estimates of the dollar costs to the nation. Direct costs include the costs of testing (\$3 billion/year) and the yearly cost of treatment coupled with lost productivity while ill (\$65,000). The indirect costs include in addition to the direct costs, \$300,000 for lost productivity for each premature death. In 1991 our analysis, as shown in table 2, is in reasonably good agreement with CDC extrapolations which are at the outer bounds of their methodology. It is in the outlying

years that the full enormity of the pandemic is realized. In fact, by the mid to late 1990's, the high risk groups will be saturated with the virus. It is this fact which changes the shapes of the curves from a rapidly rising to slower rising values.

The costs of this disease will be exceedingly high. By 1995 under a laissez faire policy the number of sick and dead will approach 5 million with an additional 14 million carriers. The average yearly direct dollar cost will be of the order of \$50 billion. Under a scenario which utilizes testing, supplemented by education and intervention, the respective values drop to 2.2 million sick or dead, 3.3 million carriers and an average yearly cost of \$25 billion. By 2005 the costs of the laissez faire policy rise to 25 million sick or dead with an additional 40 million carriers. The average yearly direct economic cost would approach \$120 billion. With a more effective strategy these numbers drop dramatically to 4.4 million dead or sick, 1.8 million carriers and an average annual direct cost of \$20 billion. In many ways this is analogous to a protracted war. The first case represents an ineffectual strategy; the second a more optimal one. In both cases there are severe losses; however, in scenario one the losses are intolerable. It is in our hands to decide our fate.

The conclusions of this study are painfully obvious. AIDS, even under the most optimistic assumptions will probably not be contained in the absence of a hoped for cure or truly proven effective vaccine, under present official proposals. The projections of this and other analyses denote the failure of approaches which do not utilize widespread, and in fact universal testing. The cost in lives could well be in the tens of millions, the cost to the treasury in the trillions. However, a program which utilizes testing as its core can contain the disease, even under adverse conditions, in the United States. The use of "safe sex" and testing are shown to be synergistic, and so education should be vigorously pursued. With the present infectivity rates, after the initial effort, the test cycles could be reduced to 12 months for the high risk group and 24 months for the low risk group. The information gleaned from testing would dictate ultimate policy. Even with the best scenarios, there will be a large reservoir of infected persons well into the twenty first century. Consequently a long term effort will be required. Furthermore, since about 60,000 persons per month are being infected, a number which exceeds the death toll of the Vietnam war, there is minimal time for delay.

Allan M. Salzberg MD, PhD, Chief Medical Service, VAMC, Miles City, Mt 59301; Richard H. Runser MD, VAMC, Miles City, Mt 59301; Stanley L. Dolins PhD, Senior Projects Manager, NRC Washington DC.

#### APPENDIX A—AIDS IN AFRICA

The information for Africa is suspect at best. However estimates of the disease there are as follows:

1. About 5,000,000 carriers
2. The percent of infected prostitutes increases from 10 to 60 in the last 2 to 3 years
3. The sex ratio is 1:1

Modifying our basic computer model for the social situation in Africa and assuming the disease began there about 1970 completely yields virtually identical results without invoking any means of transmission other than heterosexual sex. It further indi-

cates 200-300 thousand deaths to date with several hundred thousand ill. This is consistent with published reports. Indications are that the disease will run rampant in Africa in the next few years creating a disaster of untold magnitude.

#### THE CORPORATION FOR SMALL BUSINESS INVESTMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. LaFalce] is recognized for 5 minutes.

Mr. LaFalce. Mr. Speaker, on behalf of Mr. McDADE, the ranking minority member of the Small Business Committee, and myself, I am pleased today to introduce legislation which may be cited as the Corporation for Small Business Investment [COSBI] Charter Act. This bill is designed to encourage the private sector to provide necessary venture capital for small businesses, thereby permitting them to continue to expand their role as the Nation's innovator and greatest job creator.

The Small Business Committee plans hearings on this legislation in the near future in order to document the need for venture capital for small businesses and the public policy role that COSBI could play.

Mr. Speaker, despite great obstacles, small business continues to play a vital role in preserving and improving our Nation's economic health. Small business has been our unquestioned leader in job creation product innovation, and the development of new technologies; and the small business sector of our economy represents the most productive entrepreneurial system in the world.

If newly established small firms and young companies with prospects for growth are to continue to flourish and play a major role in our economy, they must have access to an adequate flow of equity capital and long-term venture financing. These small, high-risk companies have traditionally found it difficult to obtain needed capital from conventional financing sources, and their access to sources of venture capital has been restricted.

Commercial banks are not able to furnish such financing; their function lies primarily in short and intermediate-term lending; they normally do not supply venture capital or long-term credit. Private venture capital funds selectively invest in a very narrow range of companies with exceptional prospect for growth. As a result, there is a huge gap between the small business sector's critical need for long-term growth capital and the availability of this type of financing.

The Small Business Investment Act of 1958, which authorized the Small Business Investment Company or SBIC Program, recognized that small business concerns are faced with a real difficulty in obtaining long-term and equity capital required for adequate growth and development. As a result, it sought to address this need through privatization, that is, the formation of new privately owned concerns.

These SBIC's are really the forerunners of private sector initiatives. They are privately capitalized, owned and managed investment firms that provide equity capital, long-term financing, and management counsel to new and expanding small business concerns. They

are licensed and regulated by the Small Business Administration and can borrow funds from the Government on a long-term basis for reinvestment in small business.

In 1972, Congress authorized MESBIC's as a specialized type of SBIC which would be provided certain additional funding benefits in return for restricting their investments to socially or economically disadvantaged firms. These incentives permit a MESBIC to sell its preferred stock to SBA on attractive terms and borrow funds on a long-term basis from SBA at below-market rates.

This SBIC/MESBIC industry provides equity capital, long-term loans and management assistance and is responsible for many of our Nation's great small business success stories. It has become a major source of equity capital for small businesses, and now represents over 20 percent of venture capital funds dispersed. Companies which have stimulated the economy and provided thousands of jobs, such as Cray Research Inc. and Essence magazine, would not have started without SBA financing.

Despite its successful track record of almost 30 years, the SBIC/MESBIC programs face very serious problems. In order to plan, operate and invest effectively, SBIC's and MESBIC's need a reliable source of funds and a stable regulatory process. Continued uncertainties of annual congressional funding and restrictive allocations of scarce dollars have made the financial process difficult. In addition, continually changing Government regulatory policies have created an unreliable and unstable operating atmosphere which is counterproductive to sound investment and business practices.

These funding and regulatory policy problems have recently been compounded by rapid expansion of both the industry and its level of investment activities. The SBIC/MESBIC industry has reached a critical stage in its development. The industry needs greater access to capital markets through a financial intermediary designed to meet its unique requirements. The proposed Corporation for Small Business Investment would give them that facility.

The SBIC/MESBIC industry has been a major source of venture capital for small business for almost 30 years. SBIC's and MESBIC's have invested more than \$6.984 billion in over 85,000 small growth firms. In 1986 alone, SBIC's made 2,675 investments totaling \$475 million in a wide variety of small growth companies in geographically diverse sections of the country; at the same time, MESBIC's financed 1,658 minority-owned small businesses for \$145 million. Today, over 450 SBIC's and MESBIC's, with assets valued in excess of \$3.2 billion, are actively engaged in the financing of thousands of small, job-creating growth companies.

The Congress has chartered a number of institutions designed to attract capital investment into sectors of the economy considered essential to the Nation's welfare. For example, the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation were chartered to supply investment funds for housing and home mortgages. The Student Loan Marketing Association was

designed to provide liquidity for loans for higher education.

All of these institutions have the following characteristics: First, they were established by acts of Congress and governed by boards of directors appointed in part by the President. Second, their capital, at least initially, was provided by the users of the facility. Third, the U.S. Treasury has the authority to purchase up to a specific amount of obligations of the institutions. This investment authority by the Treasury is viewed by the investment community as a Treasury backstop and serves as a symbol to investors that the U.S. Government has a vital interest in the financial soundness of the institution. Fourth, although not explicitly backed by the full faith and credit of the U.S. Government as U.S. Treasury securities, the securities of these institutions are considered U.S. "agency" securities and borrowing or interest costs generally are lower than corporate AAA securities, but with a spread somewhat above U.S. Treasury securities of comparable maturities. Fifth, as U.S. agency securities, they are exempt from SEC registration and are eligible for purchase by depository institutions and by many local and State government authorities. Sixth, as Federal instrumentalities, the institutions are exempt from State taxation. And seventh, the institutions are financial "middlemen," raising funds through the large-scale issue of standard, liquid securities and passing these funds on to those who divide the money into smaller amounts for lending to individuals, including small businesses.

Mr. Speaker, using these broad criteria, we have developed this legislation to establish a federally chartered but privately owned Corporation for Small Business Investment [COSBI]. The corporation would be operated by a permanent board of directors of 15 members, 9 being elected by the shareholders, 1 being selected by the MESBIC trust and 5 being appointed by the President. Existing SBA licensees or new companies who wish to affiliate with COSBI would be required to purchase stock in the corporation in an amount equal to 1 percent of their private capital, and any increase therein, plus 1 percent of any outstanding debentures, or, in the case of a MESBIC, 1 percent of the amount of outstanding preferred stock if it is a larger amount, plus 1 percent of any new financial assistance provided to them through COSBI. Those existing licensees not electing to affiliate with the new corporation would go out of existence within 2 years after the repayment of any outstanding debentures guaranteed by SBA, and SBA would cease having regulatory authority over the SBIC/MESBIC industries.

COSBI would obtain and purchase the outstanding portfolio of SBIC debentures guaranteed by SBA and now held by the Federal Financing Bank, which will be about \$700 million as of start of fiscal year 1989. This portfolio would be purchased at full market value through a combination of cash and preferred stock. The Government would provide full coverage for defaults in the portfolio purchased by COSBI; that is, SBA would remain liable for any defaults in repayment of these previously guaranteed debentures just as it is now; the Government would not, of course, be

in any way liable for any of COSBI's debts or for new financings. The Government would receive preferred stock that allows the Government to share in earnings as dividends and warrants to purchase common stock, which provides the Government with "upside participation" in the future growth and earnings of COSBI.

These warrants would give the Government the future right to acquire nonvoting common stock in COSBI at a favorable price. If the future value of the common stock is higher than the exercise price of the warrant, the Government would be in a position to make a profit, either by selling the warrant, or by exercising its rights to purchase the common stock and subsequently selling it.

COSBI would obtain capital to provide to its shareholders by issuing securities to private investors. This COSBI paper would not be federally guaranteed, although its issuance would be subject to the approval of the Secretary of the Treasury. In addition, in his discretion and subject to the appropriation of funds, the Secretary of the Treasury, as a backstop, would be authorized to purchase up to \$500 million in COSBI paper; that is, if COSBI needed additional Federal money, the Government might provide it, if the need was justified. And, if the Secretary did decide to provide assistance, it would be on such terms and conditions and with such security as he might require. Moreover, any such government investment would be buffered by all of the private money invested in the corporation by the SBIC/MESBIC shareholders and other private investors.

In order to promote and assist minority small businesses, a MESBIC type trust, governed by five trustees would be established within the Corporation. The trust would be funded by transferring to it the existing \$325 million portfolio of MESBIC debentures and preferred stock which SBA now holds along with \$150 million from the sales proceeds of the SBIC debentures. The trust would provide debenture subsidies to and purchase preferred stock from special SBIC's; that is, those which provide assistance to socially or economically disadvantaged small businesses. The trust would terminate in 50 years, at which time its assets would be given to the Secretary of the Treasury.

Mr. Speaker, that, in a nutshell, is COSBI. I hope that the committee will be able to act on it expeditiously this year.

#### SECTION-BY-SECTION ANALYSIS

Provides that the Act may be cited as the "Corporation for Small Business Investment Charter Act."

Section 2 amends section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662) by redefining one of the terms and adding the definitions of certain terms.

Subsection (1) adds the phrase "or a company qualified to conduct business with the Corporation under section 357 of this Act" to the definition of small business investment company, company or licensee.

Subsection (2) modifies the definition of "small business concern" to provide that for purpose of Title III of the Act, a "small business concern" is one that is independently owned and operated, is not dominant in its field of operations, does not have net worth in excess of \$8,000,000 and does not have average net income for the preceding two years in excess of \$2,500,000. In the al-

ternative, the size qualification also may be met under standards established by the Small Business Administration (the "Administration").

Subsections (3) through (18) add ten new definitions to the end of section 103.

New paragraphs (9) through (18) define the terms "Corporation" and "Board of Directors" to mean the Corporation for Small Business Investment and its Board of Directors.

New paragraph (11) defines "disadvantaged small business concern" as a small business concern owned by a person or persons whose participation in the free enterprise system is hampered because of social or economic disadvantages.

New paragraph (12) defines the term "law" to include any law or rule of law or equity of the United States or any State.

New paragraph (13) defines the term "organization" to mean any corporation, partnership, association, business trust or other business entity.

New paragraph (14) provides that the term "security" has the meaning ascribed to it by Section (2)(1) of the Securities Act of 1933. Thus, the term includes "any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a 'security', or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing."

New paragraph (15) defines the term "small business investment security" to include debentures, bonds, promissory notes, obligations or securities currently issuable by small business investment companies plus such other small business investment company securities as the Corporation may permit to be issued.

New paragraph (16) defines "private capital" of a small business investment company to be the combined private paid-in capital and paid-in surplus or, in the case of an unincorporated small business investment company, the permanent partnership capital.

New paragraph (17) defines "licensee in good standing" to mean licensee as defined in the Act unless such licensee is in default under the provisions of preferred securities or debentures and such securities have been declared due and payable by the Administration, or the licensee is in liquidation for regulatory reasons.

New paragraph (18) defines books and records of the Corporation as including books, accounts, financial records, reports, files, all memoranda and documents obtained by COSBI or by CPA's during audits of Small Business Investment Companies, all reports and information from Small Business Investment Companies to COSBI, and all other Corporate papers.

Section 3 amends title III of the Small Business Investment Act of 1958 adding a new section 322.

New subsection (a) provides that a licensee in good standing shall have three months after the date the Administration receives notice pursuant to section 352(h)—that it is ready to conduct business—to qualify under sections 357 or 359 (section 357 establishes the criteria for qualification of small business investment companies to conduct business with the Corporation and section 359 establishes the criteria for qualification of special small business investment companies to do business with the Trust).

New subsection (b) provides that within six months after the Administration receives notice pursuant to section 352(h) (that the Corporation is prepared to do business), the Administration shall promulgate rules and regulations to effect the orderly termination of any licensee in good standing which has not qualified under sections 357 or 359 of the Act. It also requires the Administration to contract with the Corporation to administer these regulations.

New subsection (c) provides that such rules and regulations shall suspend a non-qualifying licensee's authority to obtain financial assistance from the Administration. It also requires its license to be revoked within two weeks of the publication of the rules and regulations, except if the licensee has outstanding debentures the revocation may be delayed until two years after the maturity or repayment of the debentures.

New subsection (d) provides that the Administration shall furnish to the Corporation all of its books and records necessary to carry out the provisions of the Act within thirty days of a written request by the Corporation unless the Administrator certifies that such books and records are not available within such time. Information on individual licensees shall not be furnished unless the licensee has agreed to such release and all information furnished shall be kept confidential.

Section 4 amends title III of the Small Business Investment Act of 1958 by revising the table of contents and by inserting the heading "Part A" prior to section 301.

Section 5 amends the Small Business Investment Act of 1958 by inserting the heading "Part B" at the end thereof and by adding new sections to this Act.

A new Section 351 sets forth the purpose of Part B of the Act, which is this Act. It declares that the purposes of this Part of the Act are (1) to establish a Government-sponsored private corporation, financed by private capital, which will serve as a secondary market and warehousing facility for loans to and investments in small business investment companies, and which will provide liquidity for small business loans and investments; (2) to stimulate and supplement the orderly and necessary flow of private equity capital and long-term loan funds to and improve the distribution of investment capital available for small business concerns; (3) to encourage the formation of new small business investment companies; and (4) to provide for an orderly transfer of certain functions of securities guaranteed or owned by the Small Business Administration to the Corporation for Small Business Investment.

A new section 352 would be added, entitled: "The Corporation for Small Business Investment."

Subsection 352(a) establishes a corporation to be known as the Corporation for Small Business Investment (the "Corporation") which would have succession until

dissolved. The Corporation would maintain its principal office in the District of Columbia and would be deemed to be a resident and citizen of the District for purposes of venue and jurisdiction in civil actions. The Corporation would be authorized, however, to establish offices wherever necessary or appropriate for the conduct of its business.

New subsection 352(b) provides that the Corporation, as an instrumentality of the United States, would be exempt from State taxation, except that any real property of the Corporation would be subject to taxation to the same extent that other property is taxed. (The Corporation would not be exempt from Federal income taxes.)

New Subsection 352(c) requires the President, within 60 days of enactment of this legislation, to appoint an interim Board of Directors consisting of five members, one of whom would be designated by him as interim Chairman. Of the five members, one would be representative of small business, one would be an owner or operator of a small business, two would be representative of small business investment companies, and one would be the SBA Administrator. The main function of the interim Board is to arrange for an initial offering of common stock of the Corporation and to take whatever other actions are necessary to proceed with the operation of the Corporation.

New subsection 352(d) provides for a permanent Board of Directors consisting of fifteen persons. When \$20,000,000 of common stock of the Corporation has been purchased by small business investment companies:

The holders of common stock would then elect nine members of the Board of Directors;

The trustees of the MESBIC trust would designate one of themselves as a director; and

The remaining five members would be appointed by the President, subject to confirmation by the Senate.

New subsection 352(e) provides that once the events described in paragraph (d) have occurred, the interim Board would turn over control of the affairs of the Corporation to the permanent Board.

The directors elected by the shareholders would serve until the next annual shareholder meeting, and the director selected by the MESBIC trustees would also serve for one year.

The directors appointed by the President would serve staggered 5-year terms and would serve until their successors have been appointed and have qualified. They could be removed only for cause. At least one of the directors appointed by the President must be a representative of small business and one shall be an owner or operator of a small business.

New subsection 352(f) sets forth the responsibility of the Board for determining the general policies which would govern the operations of the Corporation and for selecting, appointing, compensating and prescribing the functions, powers and duties of the executive officers of the Corporation.

New subsection 352(g) provides that the Corporation would have the normal powers exercised by a corporation including the power:

To sue and be sued, complain and defend, in its corporate name and through its own counsel;

To adopt, alter, and use a corporate seal, which shall be judicially noticed;

To adopt, amend, and repeal by its Board of Directors, bylaws, rules, and regulations

as may be necessary for the conduct of its business;

To conduct its business, carry out its operations, and have officers and exercise the powers granted by this section in any State without regard to any qualification, licensing or similar statute in any State;

To lease, purchase, or otherwise acquire, own, hold, improve, use, or otherwise deal in and with any property, real, personal, or mixed, or any interest therein, wherever situated;

To accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of the purposes of the Corporation;

To sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets;

To appoint such attorneys, officers, employees, and agents as may be required, determine their qualifications, define their duties, fix their compensation, require bonds for them and fix the penalty thereof; and

To enter into contracts, to execute instruments, to incur liabilities, and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

New subsection 352(h) provides that when the permanent Board of Directors is duly constituted and the Corporation is ready to conduct business, it shall so notify the Administration and the Secretary of the Treasury.

A new section 353 would be added, entitled "Common and Preferred Stock."

Paragraph (a)(1) of this section 353 provides that the Corporation shall have voting common stock which may be issued only to small business investment companies. Each share of common stock shall have such par value as the Board of Directors may fix from time to time. Each share is entitled to one vote with cumulative voting rights at the elections of directors. The maximum number of authorized shares of voting common stock of the Corporation shall be 100,000,000 shares. This maximum number of authorized shares may be increased or decreased by an affirmative vote of a majority of the total outstanding shares. Such stock is freely transferable except as to the restriction on retention by small business investment companies for three years in subparagraph (5)(B) below and as to the Corporation, it is transferable only on its books.

Paragraph (a)(2) authorizes the Corporation's shareholders to issue nonvoting common stock. It limits the initial maximum number of authorized shares of such stock to 100,000,000, but it could be increased or decreased by an affirmative vote of a majority of the total outstanding shares.

Paragraph (a)(3) provides that holders of voting and nonvoting common stock shall not have preemptive rights.

Paragraph (a)(4) mandates that the Corporation raise funds for its capital surplus account by requiring nonrefundable capital contributions from each small business investment company as (i.e., require it to purchase stock) as follows:

1 percent of its private capital;  
1 percent of any outstanding debentures, or in the case of Minority Enterprise Small Business Investment Companies with outstanding preferred stock, 1 percent of that amount if it is more than 1 percent of its outstanding debentures, except that the Corporation may exempt debentures with maturities of less than 3 months from the computation.

In addition, the Corporation may require small business investment companies which sell securities to the Corporation to make, or to commit to make, capital contributions not to exceed one percent of the unpaid principal balance of such securities and up to 1 percent of any increases in its private capital.

Paragraph (a)(5) provides that the Corporation will issue shares of its common stock to each small business investment company to evidence any capital contributions made pursuant to paragraph (a)(4) of this section. It is further provided that the Corporation may issue additional shares of nonvoting common stock in return for appropriate payments into capital or capital and surplus. Thus, the Corporation is authorized to issue nonvoting common stock to the general public. Any dividends declared by the Board of Directors are to be paid by the Corporation to the holders of its common stock. Common stock issued to small business investment companies under paragraph (a)(5) must be retained in accord with such conditions as may be established by the Corporation.

Paragraph (a)(6) of this section 353 provides that, notwithstanding any other provision of law, any depository institution as defined in section 19(b)(1)(A) of the Federal Reserve Act, is authorized to make capital contributions to the Corporation as provided in subsection, and to receive nonvoting common stock evidencing its contributions. The authorization is intended to encourage the purchase of Corporation stock by depository institutions which generally are prohibited from owning stock in other entities.

Subsection (b) authorizes the Corporation to issue a class of nonvoting preferred stock. Under the Act, if the Corporation so prescribes, such stock could be converted into voting or nonvoting common stock of the Corporation.

New section 354 is added, entitled "Obligations and Securities."

New subsection (a) of this section authorizes the Corporation (after approval by the Secretary of the Treasury) to issue obligations with maturities, rates of interest and terms and conditions as set by the Corporation. At the option of the Corporation, such obligations could be redeemed before maturity. This subsection makes clear that these obligations are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof. The Corporation is authorized to purchase in the open market and of these obligations at any time and at any price. Finally, the Corporation can prescribe that any obligation or security can be sold in definitive form or in book entry form with or without delivery of physical evidence of ownership.

New subsection 354(b) authorizes the Corporation to issue subordinated obligations with such maturities and rates of interest as set by the Corporation. If so specified in the obligation, it could be converted into shares of common stock.

New subsection 354(c) provides discretionary authority for the Secretary of the Treasury to purchase any obligations issued by the Corporation and authorizes the Secretary to utilize the proceeds of the sale of any securities under the Second Liberty Bond Act for the acquisition of any obligations of the Corporation.

The prospective Treasury acquisitions are limited in several important respects. First, the amount of such purchases must be approved in advance through appropriations

Acts of the Congress. Second, they could not exceed \$500,000,000 at any time. Moreover, the yield must be at a rate determined by the Secretary in relation to the current average rate on outstanding Treasury obligations of comparable maturities. This will assure yields comparable to other Treasury holdings. The Secretary is authorized to sell the obligations of the Corporation at any time, price, and upon any conditions and to treat such sales or redemptions as public debt transactions.

A new section 355 would be added, entitled "Legal Investments and Exempt Securities."

This section makes all obligations issued by the Corporation lawful investments acceptable as security for all fiduciary, trust and public funds under the authority or control of the United States. The stock and obligations issued by the Corporation would be classified as exempt securities under the laws administered by the Securities and Exchange Commission. The Corporation is deemed to be an agency of the United States for the purposes of section 355(2) of title 12 which gives the obligations of the Corporation the same investment status as other federally guaranteed obligations of the United States. With this status, the obligations of the Corporation would be considered liquid investments and, thus, could be used to satisfy reserve requirements of banks and savings and loan associations.

Finally, for purposes of the Bankruptcy Code, and, specifically section 101(41) of title II, the Corporation would be deemed to be a governmental agency and thus its obligations could be used for short term investments under repurchase agreements; but COSBI would not be deemed to be a governmental unit and thus its claims would not have first priority by law over other creditors in the event of dissolution, liquidation or winding up of the business of the Corporation.

A new section 356 would be added, entitled "Loan and Investment Operations."

Subsection (a) of this section authorizes the Corporation to issue commitments or otherwise deal in small business investment securities as soon as the permanent Board of Directors has been duly constituted and Administration-guaranteed debentures purchased under section 361 of the Act.

New subsection 356(b) simplifies the procedure for perfecting a security or ownership interest in small business investment securities created by the Corporation or by an eligible small business investment company. Notwithstanding the provisions of any state law to the contrary, including the Uniform Commercial Code as in effect in any State, a security or ownership interest in such small business investment securities may be perfected either through taking possession of such securities or by filing notice of an interest in such securities in the manner provided by State law for perfecting of security or ownership interests in accounts.

New subsection 356(c) authorizes the corporation to guarantee securities based on or secured by pools or trusts of the small business investment securities eligible for purchase by the Corporation under this section. The Corporation is further authorized to act either as an issuer or guarantor of such securities.

New subsection 356(d) provides that these securities may be in the form of debt obligations secured by pools of loans, or trust certificates of beneficial ownership in such pools of loans, or both.

New subsection 356(e) provides that nothing in this section shall be construed to

impede special small business investment companies (i.e., those operating under section 359 of the Act) from receiving a proportionate and fair share of available funds.

A new section 357 is added, entitled "Qualification of Small Business Investment Companies."

New subsection (a) requires COSBI to establish appropriate criteria for determining the qualification of small business investment companies to conduct business with the Corporation. It specifies some of the factors (business reputation and character of the owners, and the probability of success of the proposed company) which must be taken into consideration in determining qualification. (The foregoing is basically a restatement of existing law regarding SBA authority to establish such criteria.) This section also provides that any small business investment company that is currently licensed and approved by (i.e., in good standing with) the Small Business Administration to operate under the provisions of the Small Business Investment Act of 1958 is automatically qualified to operate under the provisions of the new Act if such company subscribes to stock of the Corporation, as provided in section 353(a) of the Act, contracts with the Corporation, as provided in section 358(a) of the Act, and authorizes the release of records, as provided in section 322(d) of the Act.

New subsection 357(b) essentially restates section 302(a) of the Small Business Investment Act of 1958 (15 U.S.C. 682(a)) with the exception that the specific minimum private capital requirements of that section have been increased from \$500,000 to \$1,000,000, the current minimum requirement set by regulation by the Small Business Administration. The current Act, and this section, also go further and require that each small business investment company have sufficient private capital to assure sound and profitable operations and active and prudent management.

New subsection 357(c) restates the provisions of section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)) which permits the purchase of ownership interests in small business investment companies by national banks, and by other Federal Reserve member banks, and FDIC-insured banks, when not prohibited by State law, up to an aggregate of 5 percent of the banks's capital and surplus. This authorization retains the current small business investment company exemption from the Glass-Steagall Act, and specifically, section 371(c) of title 12.

New subsection 357(d) essentially restates section 303(a) of the Small Business Investment Act of 1958 (15 U.S.C. 683(a)) by authorizing small business investment companies to borrow money and to issue obligations therefore, under conditions and rules prescribed by the Corporation. This subsection goes further, however, and authorizes small business investment companies to purchase stock issued by the Corporation since purchase of such stock will be a prerequisite for qualification as a small business investment company.

New subsection 357(e) provides that thirty days after the Administration receives notice from the Corporation under section 325(h) of the Act (that the Corporation is ready to conduct business), the provisions of sections 301-306, inclusive, sections 308-318, inclusive, and sections 320 and 321 of the Act shall be inapplicable to small business investment companies which qualify under section 357 and 359 of the Act (i.e., which qualify and affiliate with COSBI).

New subsection 357(f) provides that all specific references to small business investment companies operating under the Small Business Investment Act of 1958 in any federal or state law or regulation shall be deemed to refer to and include small business investment companies operating under the provisions of this new Act. The foregoing provision is intended to insure that small business investment companies are accorded the same treatment under the new Act as they currently enjoy under other statutes that make reference to small business investment companies operating under the provisions of the Small Business Investment Act of 1958. References to small business investment companies can be found, for example, in several statutes and regulations including, but not limited to, the following in the Internal Revenue Code, 26 U.S.C. sections 234(a)(2), 542(c)(8), 586, 1242 and 1243; in the Investment Company Act of 1940, 15 U.S.C. sections 80-18(k); and in regulations promulgated pursuant to the Internal Revenue Code, 26 C.F.R. section 1.533-1(d), and pursuant to the Investment Company Act of 1940, 17 C.F.R. sections 270.17(a)-6 and 270.18c-2(a).

A new section 358 is added, entitled "Operations of Small Business Investment Companies."

Subsection (a) of this new section authorizes the Corporation to enter into agreement with small business investment companies governing the operations of such companies to carry out the provisions of the new Act. This gives the Corporation the general authority to establish criteria for the operations of small business investment companies. It also specifically requires that the Corporation adopt rules effectuating the provisions of subsections (c) through (i) below and that such adoption include the votes of a majority of the five members appointed by the President.

New subsection 358(b) essentially combines the provisions of section 304(a) and 305 (a) and (b) of the Small Business Investment Act of 1958 (15 U.S.C. 684(a) and 685(b)) by authorizing small business investment companies to make equity investments and loans directly or in cooperation with other investors or lenders on a participation or guaranteed basis.

New subsection 358(c) adopts SBA's current regulations which provide that small business investment companies shall engage only in the activities contemplated by the Act and in no other activities.

New subsection 358(d) restates the provisions of section 312 of the Small Business Investment Act of 1958 (15 U.S.C. 687(d)). For the purpose of eliminating conflicts of interest, the Corporation is required to adopt rules governing transactions between or among small business investment companies and persons interested in them as officers, directors, shareholders, or partners.

New subsection 358(e) requires that the Corporation adopt rules that will prevent small business investment companies from assuming control over small business concerns, except under limited conditions, such as situations where it is necessary to do so to protect an investment.

New subsection 358(f) provides that financings of small business concerns by small business investment companies shall be for a minimum period of five years, except that in the case of special small business investment companies (i.e., those operating under section 359 of the Act) the minimum period is four years.

New subsection 358(g) prohibits, without the Corporation's approval, a small business investment company from acquiring obligations or securities for any single enterprise in excess of 20 percent of its private capital without the approval of the Corporation. In the case of special small business companies i.e., those operating under section 359 of the Act, this limitation is 30 percent.

New subsection 358(h) prohibits small business investment companies from providing financing to small business concerns for re-lending, foreign investments, passive investments or for the acquisition of real estate, except as a part of a project for residential or commercial construction or rehabilitation for sale. It exempts from this prohibition venture capital financing to a disadvantaged concern engaged primarily in re-lending or re-investing if it is insured by an agency of the Federal Government.

New subsection 358(i) prohibits the Corporation from providing more than 10 percent of its assets to any small business investment company. It also requires the Corporation's Board of Directors, including a majority of the members appointed by the President, to develop regulations to minimize the risk of loss on debentures or securities issued by companies under common control.

New subsection 358(j) requires each small business investment company to have an annual audit and to make such reports as the Corporation may require. These audits could be made by independent CPAs acceptable to the Corporation or the Corporation itself, in its discretion, could do the audits. The Administration shall have access to financial audit or certified financial report files with the Corporation by small investment companies having outstanding small business investment securities which are held by or guaranteed by the Administration.

New subsection 358(k) requires the Corporation to adopt appropriate measures to assure compliance by small business investment companies with the provisions of this section 358 of the Act. It specifies that in the event a small business investment company fails to comply with this section, the Corporation may terminate or suspend the agreement between the company and the Corporation and take other action such as assessment of penalties, removal of the companies' officers or directors, and referral of violations to SBA for investigation or to the United States Attorney.

New subsection 358(l) declares that the purpose of this subsection is to facilitate the orderly and necessary flow of long-term loans and equity funds from small business investment companies to small business concerns. Any business loan made by a small business investment company pursuant to the provisions of the Act is exempt from the provisions of the Constitution or the laws of any State that expressly limit the rate or amount of interest, discount points, finance charges or other charges that may be imposed by lenders. However, such exemption can be overridden if a State adopts a law or certifies that the voters of such State have voted in favor of a provision which states explicitly that the State does not want the exemption to apply to business loans made in such State. Even if a State overrides the exemption by passing a law or certifying voter action, such law or certification will not apply to any loans made by a small business investment company pursuant to a commitment to make such loan after the effective date of the Act and prior to the date such law was passed or such certification occurred.

A new section 359 is added, entitled "Special Small Business Investment Companies."

The provisions of this section essentially continue, with some modifications, the existing special small business investment program (i.e., the Minority Enterprise Small Business Investment Company Program) of preferred security purchases and subsidized interest rates for five year terms. In place of the Administration, these benefits would be provided by the Trust created in the section.

New subsection (a) is essentially a restatement of section 301(d) of the Small Business Investment Act of 1958 (15 U.S.C. 681(d)). It requires that the Corporation adopt reasonable criteria for the qualification of a "special type of small business investment company" the investment policy of which is to facilitate ownership in small business concerns by persons whose participation in the free enterprise system has been hampered because of social or economic disadvantages. Existing MESBICs in good standing with SBA are automatically eligible.

New subsection 359(b) creates a special-purpose trust (the "Trust"). The Trust would be administered under a trust agreement between the Corporation and five trustees, three of whom would be special small business investment companies nominated by the MESBICs and appointed by the Board of Directors of the Corporation. These trustees would have staggered four-year terms and would be limited to two consecutive terms. One trustee would be appointed by the President, subject to the Senate confirmation, for a two-year term and would also be limited to two consecutive terms and could be removed only for cause. The fifth trustee is the Chairman of the Board of Directors of the Corporation, or his designee.

The trustees of the Trust are given full authority to administer, sell, invest and reinvest the trust estate, subject to the "prudent man" rule for fiduciaries. The Trust would establish separate accounting for all preferred securities, debentures and other funds held in trust and would provide an annual accounting of its operations under this subsection to the Secretary of the Treasury.

It specifically gives the trustees the power:

To sue and be sued, complain and defend through their own counsel,

to adopt, amend, and repeal such bylaws, rules, and regulations as may be necessary for the conduct of its business;

to conduct the business of the Trust, carry out its operations, and have officers and exercise the powers granted by this section in any State without regard to any qualification, licensing or similar statute in any States;

to lease, purchase, or otherwise acquire, own, hold, improve, use or otherwise deal in and with any property, real, personal, or mixed, or any interest therein, wherever situated;

to accept gifts or donations or services, or of property, real, personal, or mixed, tangible or intangible, in aid of any of the purposes of the Trust;

to sell, to convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets;

to appoint such attorneys, officers, employees, and agents as may be required, determine their qualifications, define their duties, fix their compensation, require bonds for them and fix the penalty thereof; and

to enter into contracts, to execute instruments, to incur liabilities, and to do all

things as are necessary or incidental to the proper management of the affairs of the Trust and the proper conduct of its business.

New subsection 359(c) provides that within 30 days after the Administration receives notice from the Corporation (under section 352(h)) that it is prepared to conduct business, the Administration shall convey to the Corporation in trust all preferred securities and outstanding debentures issued by small business investment companies under section 301(d) of the Act and while are not in liquidation.

New subsection 359(d) provides that the trust corpus and income shall be administered in the following manner: (1) to cover any losses on debentures purchased or guaranteed by the Corporation; (2) to reduce the interest rate on debentures purchased or guaranteed by the Corporation under subsection (e) of this section; (3) to purchase preferred securities under subsection (e) of this section; and (4) to cover operating costs of the Trust.

New subsection 359(e) authorizes the trustees to purchase preferred securities and the Corporation to purchase or guarantee debentures of special small business investment companies. The Trust's purchase of such non-voting securities is subject to such terms and conditions as determined by the Trust, including: (1) the insurer shall redeem the stock in 10 years and the dividends on the stock shall be preferred; (2) on liquidation or redemption, the Trust shall be entitled to the preferred payment of the par value of such securities; (3) the purchase price shall be \$50,000 or more and (4) the amount of such securities purchased by the Trust shall not exceed 200 per centum of the private capital of such company. Also, the amount of such securities purchased by the Trust in excess of 100 per centum of such private capital may not exceed an amount equal to funds invested in venture capital by such company as determined by the Trust.

In lieu of preferred stock, the Trust may purchase or guarantee debentures with a fifteen year subsidy of four points interest.

In addition, the Corporation is authorized to purchase or guarantee debentures issued by special small business investment companies. The rate of interest on such debentures shall be determined by the Corporation based upon comparable small business investment securities purchased by the Corporation reduced to a lower rate provided by the Trust, not to exceed three per centum per annum. The amount of debentures purchased or guaranteed or transferred to the Corporation under subsection (c) of this section shall not exceed 400 per centum of a company's private capital less the amount of preferred securities outstanding.

New subsection 359(f) provides that the benefits of this section may be extended to special small business investment companies owned, in whole or in part, by other small business investment companies.

New subsection 359(g) exempts dividends on the preferred securities, interest on the debentures, gains on sales of securities and other income of the Trust from Federal, state and local taxes.

New subsection 359(h) provides that the Trust will terminate fifty years after the effective date of the Act. All of the preferred securities outstanding will be redeemed and the corpus and interest of the Trust, less any funds owed to the Corporation, will be transferred to the U.S. Treasury.

A new section 360 is added, entitled "Audits and Reports."

New subsection (a) provides that the Administration shall have review authority over the Corporation to insure that the public purposes of the Act are carried out. This review applies specifically to the Corporation's criteria for qualification of small business investment companies to conduct business with the Corporation and the Corporation's agreements, rules and regulations governing the operations of small business investment companies, and such other matters as the Administration deems appropriate.

New subsection 360(b) provides that the Administration may examine the books and records of the Corporation and may require the Corporation to make reports to the Administration. The Administration shall report to the Congress on its reviews under this section no later than January 31 of each year.

New subsection 360(c) requires an annual audit of the accounts of the Corporation to be performed by an independent certified public accountant, and such report must be furnished to the Secretary of the Treasury, whose representatives shall be given access to all of COSBI's books.

New subsection 360(d) requires the Secretary of the Treasury to deliver a report on each fiscal year audit of the Corporation to the President, and to the Small Business Committees of the Congress within six months of the end of such fiscal year. In addition to a normal report of the fiscal structure of the Corporation, the report is to include recommendations as the Secretary deems advisable and any indication of impairment of capital or insufficient capital.

New subsection 360(e) subjects the Corporation to audit by the General Accounting Office at the request of either of the Small Business Committees of the Congress.

New subsection (f) subjects the books and records of the Corporation to audit by the Inspector General of SBA during such time as small business investment company debentures, previously guaranteed by SBA and purchased by COSBI, remain outstanding, but only if the Inspector General (1) has reasonable cause to believe that there has been a violation of any of the provisions in subsections (c) through (i) of section 358 (or matters related to such provisions), or (2) has probable cause to believe that a small business investment company or special small business investment company has committed civil fraud or has violated a Federal criminal law. Individual small business investment companies and special small business investment companies are subject to similar audit as long as any such company has SBA guaranteed debentures outstanding.

New subsection (g) requires the Corporation, as soon as practicable after the end of each fiscal year, to transmit to the President, the Small Business Committees of the Congress and the Administrator of the Small Business Administration, a report of its operations and activities during each year.

A new section 361 is added, entitled "Transfer of Small Business Administration Guaranteed Securities to the Corporation."

New subsection (a) provides for the sale to the Corporation on September 30, 1988 of the Federal Financing Bank's portfolio of Administration-guaranteed debentures issued by small business investment companies due in fiscal year 1989 or later. The acquisition by the Corporation shall be with

full recourse to the full faith and credit guarantee of the Administration. The Corporation would fully pay for such securities at a price determined as provided in subsection (b), but not less than \$720 million of which \$200 million would be in preferred stock in COSBI. \$150 million of the purchase price would be paid by the Corporation to the Trust created under section 359 of the Act to carry out the trust functions of the Trust. The securities may not be sold by COSBI for a period of three years.

New subsection (b) provides that within 10 days of the date the Secretary of the Treasury receives notice pursuant to section 352(h) of this Act (that the Corporation is ready to conduct business), he proposes the sale price for the securities, that is, the outstanding portfolio which COSBI is to purchase. If the price proposed by the Secretary of the Treasury is acceptable to COSBI, it becomes the final purchase price.

If the proposed price is unacceptable, within 15 days COSBI's Board so notifies the Secretary. The Secretary then appoints a representative and the COSBI Board also appoints a representative to establish the sale price. Each of these representatives jointly designate a third representative to join them in establishing the final price, which must be done within 60 days by agreement of two of the three representatives.

A new subsection 361(c) provides that the preferred stock issued by the Corporation as part of the purchase price shall be nonvoting. It will pay preferred dividends to the extent of 5 per centum of par value per year on net after tax earnings in excess of \$2 million per year, except that COSBI will not be required to pay any dividends during the first two years. The Corporation may redeem this preferred stock at any time.

A new subsection 361(d) requires the Corporation to issue to the Administrator of SBA warrants entitling the holder to purchase a 28 percent interest in the Corporation in nonvoting common stock. The price would be based on book value as of the date COSBI is ready to do business, plus a 50 percent premium. The warrants may be exercised in whole or in part at any time for 15 years.

A new subsection 361(e) provides that any money received by the Small Business Administration from the redemption of preferred stock of from the sale of warrants or from the sale of any common stock shall be paid into the United States Treasury. Any money received by SBA as dividends is kept by the Agency and placed in the business loan revolving fund and would be available for authorized expenditures such as the payment of claims on the SBA guaranteed debentures being sold to COSBI.

A new subsection 361(f) requires that within 30 days of the completion of the purchase, the Corporation shall report the details. The report is made to the Committees on Small Business of the House and the Senate.

Section 6 makes technical amendments to the provisions of section 4(c)(5) (of the Small Business Act) governing financing functions under that Act and the Small Business Investment Act of 1958; and it provides that SBA is relieved of further interest payment obligations to the Treasury on SBIC debentures sold to COSBI.

Section 7 amends section 5(b)(2) (of the Small Business Act) to prohibit sale of small loans and debentures except under provisions of section 361 of the Small Business Investment Act of 1958, as added by this Act.

Section 8 amends the sixth sentence of the seventh paragraph of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) by adding COSBI obligations or other instruments to the enumeration. The effect of this amendment is to authorize any national banking association to invest in COSBI securities without regard to the stated limitations and restrictions as to dealing in, underwriting and purchasing for its own account, investment securities issued by named entities such as the Federal National Mortgage Association and other government sponsored enterprises.

Section 9 provides that the powers and functions of the Corporation and its Board of Directors shall be exercisable, and the provisions of the Act shall be applicable and effective, without regard to any other law.

Section 10 provides that, notwithstanding any other law, the Act is applicable to the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territories, possessions and dependencies of the United States.

Section 11 amends section 1006 of Title 18 U.S.C. by adding the name of the Corporation for Small Business Investment to the enumerated list of federal departments, agencies and entities. The effect is to authorize a fine not more than \$10,000 or imprisonment for not more than 5 years or both, if any officer, agent or employee of COSBI, with intent to defraud COSBI makes any false entries in books or reports, or deals with negotiable instruments, etc., with intent to defraud COSBI, or receives any money or profits obtained through any such transactions.

Section 12 authorizes the Committees of the Senate and the House to have access to all of the books and records of the Corporation.

Section 13 directs the General Accounting Office (GAO) to prepare a report to be transmitted to the House and Senate Small Business Committee by January 31, 1993. The report is to review the impact of COSBI in achieving the purposes of this Act, including an assessment of the impact on the individual small business investment companies, the financial situation of the Corporation, and the financial cost to and impact on small businesses receiving funding through COSBI. In preparing the report, the GAO is given access to all of the books and records of the Corporation.

Section 14 provides that this Act is effective upon enactment except that the amendment made by subsection (2) of section 2 of this Act is effective October 1, 1988. The effect is to delay the effective date of the size standard change until COSBI is operational.

## REAGANOMICS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Dakota [Mr. DORGAN] is recognized for 5 minutes.

Mr. DORGAN of North Dakota. Mr. Speaker, the President was on the White House lawn the other day at the ceremony talking about the deficit. Once again, he suggested that it is everyone's fault but his own.

We now rack up \$500 million a day in deficits that's \$500 million a day in Federal deficit.

If you take a journey and go in the wrong direction, and discover it you make a U turn. Yet this President continues to insist we need higher defense spending, the biggest part of the Federal budget, and no new revenue to pay for it. He wants to stick to the tax cuts of 1981.

At some point we have to have a national debate about this fiscal policy called Reaganomics.

Rather than debating the President I decided to remind my colleagues of the words of David Stockman. Here's what the architect of this fiscal policy said. This is from David Stockman's book; David Stockman's own words about the President and his fiscal policy of borrow and spend, borrow and spend with no leadership to turn it around.

Here is what David Stockman says about the program:

I. "The Reagan Revolution was radical, imprudent, and arrogant. It defied the settled consensus of professional politicians and economists on its two central assumptions. It mistakenly presumed that a handful of ideologues were right and all the politicians were wrong about what the American people wanted from government. And it erroneously assumed that the damaged, disabled, inflation-swollen U.S. economy inherited from the Carter Administration could be instantly healed with history and most of the professional economists said it couldn't be." (pp. 395)

"By the time of the White House debate of early November 1981, it had become overwhelmingly clear that the Reagan Revolution's original political and economic assumptions were wrong by a country mile. By then the veil of the future had already parted and we were viewing reality from the other side. What we saw invalidated the whole plan—right there and then." (pp. 395-96)

"The ensuing years only amplified what we had already learned by the eleventh month. The final reckoning of the original fiscal plan of the Reagan Revolution shows where we were headed . . . . We were not headed toward a brave new world, as I had thought in February . . . . Where we were headed was toward a fiscal catastrophe." (pp. 396)

III. "I was appalled by the false promises of the 1984 campaign. Ronald Reagan had been induced by his advisers and his own illusions to embrace one of the more irresponsible platforms of modern times. He had promised, as it were, to alter the laws of arithmetic. No program that has name or line in the budget would be cut; no taxes would be raised. Yet the deficit was pronounced intolerable and it was pledged to be eliminated." (pp. 380)

"This was the essence of the unreality. The President and his retainers promised to eliminate the monster deficit with spending cuts when for all practical purposes they had already embraced or endorsed 95 percent of all the spending there was to cut." (pp. 380)

IV. "I cannot be a patient with the White House. By 1984 it had become a dreamland. It was holding the American economy hostage to a reckless, unstable fiscal policy based on the politics of high spending and the doctrine of low taxes. Yet rather than acknowledge that the resulting massive buildup of public debt would eventually gen-

erate serious economic troubles, the White House proclaimed a roaring economic success. It bragged that its policies had worked as never before when, in fact, they had produced fiscal excesses that had never before been imagined." (pp. 377)

V. "... In 1984 we were plainly drifting into unprecedented economic peril. But they had the audacity to proclaim a golden age of prosperity." (pp. 377)

"What do you do when your President ignores all the palpable, relevant facts and wanders in circles. I could not bear to watch this good and decent man go on this embarrassing way. I buried my head in my plate . . ." (pp. 375)

VI. "Our budget is now drastically out of balance not because this condition is endemic to our politics. Rather, it is the consequence of an accident of governance which occurred in 1981. That it persists is due to the untenable anti-tax position of the White House. After five years of presidential intransigence, all of the normal mechanisms of economic governance have become ensnared in a web of folly. But this condition can be remedied whenever the White House decides to face the facts of life." (pp. 392)

"Meanwhile, the economic danger mounts and the fiscal folly of the Reagan Revolution's aftermath reaches new heights." (pp. 392)

"In the years ahead, I continued to think that one day the President would realize the consequences of what had been done. The day never came, however." (pp. 353)

□ 1730

This was not Democrats taking issue with the President, but Republicans; David Stockman saying this fiscal policy is fundamentally wrong. Ronald Reagan travels to Connecticut and Colorado. On the steps of the capitol buildings he says, "I want to change the Constitution to prohibit deficits." Then, he engages in a fiscal policy that gives us a half billion dollars in deficits every single day.

Mr. President, we need some leadership, we need it now. We don't need slogans. We don't need quotes from Clint Eastwood or Vanna White. We need leadership. Give us some.

You will find the Congress willing and ready to work with you, Republicans and Democrats, to try to solve this country's fiscal problems.

#### THE HUMAN RIGHTS SITUATION IN TIBET

The SPEAKER pro tempore. Under a previous order of the House, the Gentleman from California [Mr. LANTOS] is recognized for 60 minutes.

Mr. LANTOS. I thank the Speaker.

Mr. Speaker, the topic that a number of my colleagues and I would like to address this evening is the ominous upsurge in human rights violations in Tibet by the Government of the People's Republic of China.

The Human Rights Caucus which has put this issue at the top of its agenda, as you know, Mr. Speaker, is a profoundly bipartisan body in the House of Representatives. Moreover, it

is one of the few organizations that I know of, private and public, that would very much like to go out of business. And we will go out of business once human rights violations in various countries of the world come to an end. Nothing would please us more than not to get new items on our agenda.

It is the view of the Human Rights Caucus, Mr. Speaker, that human rights are indivisible and whether the rights of individuals are violated in the Soviet Union or Iran or Cuba or South Africa or Tibet, it is our responsibility as Republicans and Democrats in the free legislative body to stand up and to speak out against these outrages.

We have a particularly heavy responsibility when the human rights violations, which take place, are inflicted on a group of people who have no domestic constituency in the United States. And goodness knows the people of Tibet certainly have very small, if any, constituency here in the United States.

But what distinguishes us from other societies, from so many other countries, from so many other legislatures, that we in fact are the conscience of mankind when it comes to human rights violations.

Allow me, Mr. Speaker, to establish a brief chronology of recent events, why my colleagues and I are so anxious to bring this outrageous violation of human rights to the attention of the Congress and the American people.

In the late forties, China invaded Tibet and as a result of turbulence, famine, suppression, oppression, about 1 million Tibetans were killed. That represents one out of every six people in the nation of Tibet.

It was admitted by the Chinese when they finally came clean and told the world about the outrages of the cultural revolution, what had happened in Tibet: 1 million people perished, over 6,000 monasteries destroyed, and the attempt to wipe out culturally the Tibetan people.

There have been some improvements in recent years and we in the Congress of the United States along with the rest of the civilized world have been delighted to see those improvements. It came as a shock to us that in recent months there has been an upsurge of suppression and persecution of Tibetans who merely want to express their own distinct identity.

It was in view of this renaissance of violations of human rights that on June 18, 1987, the House of Representatives unanimously passed the resolution denouncing human rights violations in Tibet.

Three months later to the day, on September 18, the Embassy of the People's Republic of China here in Washington issued a cautionary state-

ment warning the Dalai Lama, who was about to visit Washington and the Congress, not to make any statements. It was the Congressional Human Rights Caucus which properly issued an invitation to His Holiness the Dalai Lama and asked him to make a presentation on how he saw the situation in his native Tibet today. The speech of the Dalai Lama, as all of his speeches, was a speech of reason, harmony, decency, an anguished call for dialog with the Chinese authorities and a plea for the observance of human rights by the Chinese in Tibet.

Following his speech to the Congressional Human Rights Caucus, an unprecedented letter was sent to the Prime Minister of the People's Republic of China signed by the Democratic chairman of the Senate Foreign Relations Committee, Senator CLAIBORNE PELL, the ranking Republican member of the Senate Foreign Relations Committee, Senator JESSE HELMS, the Democratic chairman of the House Committee on Foreign Affairs, Congressman DANTE FASCELL, the ranking Republican member of that committee, Congressman BILL BROOMFIELD of Michigan, my colleague, the Republican cochairman of the Congressional Human Rights Caucus, Congressman JOHN PORTER of Illinois, myself as the Democratic chairman of the Congressional Human Rights Caucus and two individuals who have been in the forefront of the fight for human rights in Tibet, Congressman CHARLES ROSE of North Carolina, a Democrat and Congressman BENJAMIN GILMAN of New York, a distinguished Republican. The letter to the Prime Minister of China is clear and friendly. This is what it says:

CONGRESS OF THE UNITED STATES,  
Washington, DC, September 22, 1987.

His Excellency ZHAO ZIYANG,  
The Prime Minister of the People's Republic of China.

YOUR EXCELLENCY: Members of the United States Congress were honored yesterday with a visit from His Holiness the Dalai Lama of Tibet, who addressed various meetings on Capitol Hill at our invitation.

As you are no doubt aware, the people of the United States and their representatives in the United States Congress take a keen interest in the welfare of the Tibetan people, whose great spiritual tradition and rich culture is a source of inspiration to people around the world. Our grave concern with the present situation in Tibet and the policies of your government towards its people was recently expressed in an amendment unanimously adopted by the House of Representatives on June 18, 1987.

We take note of a number of encouraging changes in your government's overall policies, but wish to express our dismay at the population transfer and other initiatives which threaten the survival of the culture and distinct identity of the Tibetan people.

His Holiness the Dalai Lama, whose wisdom and leadership we greatly admire, has now proposed a five-point plan to restore peace and respect for human rights in Tibet and to ensure the preservation of

Tibet's identity, and the survival of its culture and spiritual tradition.

This plan can be summarized as follows:

1. Transformation of the whole of Tibet into a peace zone. This would be in keeping with Tibet's historical role as a peaceful Buddhist nation and a buffer state separating the continent's great powers. It would also be in keeping with Nepal's proposal to declare Nepal a peace zone, a proposal supported by your government.

2. Abandonment of China's population transfer policy. The population transfer of Chinese to Tibet, which will reduce the Tibetan population to an insignificant and disenfranchised minority in Tibet itself, threatens the very existence of the Tibetan people.

3. Respect for human rights and democratic freedoms. The fundamental human rights and democratic freedoms of the Tibetan people should be recognized and respected not only in theory but in practice. Thousands of political and religious prisoners should be released, freedom of religion implemented, culture and education promoted, and Tibetans should be free to determine their own destiny in an atmosphere free of oppression and intimidation and in a spirit of openness and reconciliation.

4. Restoration and protection of Tibet's natural environment and the abandonment of China's use of Tibet for the production of nuclear weapons and for dumping nuclear waste.

5. Conduct earnest negotiations on the future status of Tibet and relations between the Tibetan and Chinese peoples. His Holiness the Dalai Lama and the Tibetan government in exile wish to approach this subject in a reasonable and realistic way, in a spirit of frankness and conciliation and with a view to finding a solution that is in the long term interest of all: the Tibetans, the Chinese, and all other peoples concerned.

We welcome His Holiness the Dalai Lama's proposal as a historic step towards resolving the important question of Tibet and alleviating the suffering of the Tibetan people. We also believe that it is a significant contribution to relieving regional tensions and promoting world peace. His Holiness the Dalai Lama has addressed these issues in a most reasonable and statesmanlike manner, and we wish to express our full support for his proposal. We write to you in the hope that your government's response will be equally constructive.

Yours sincerely,

Claiborne Pell, U.S. Senator, Chairman of Senate Committee on Foreign Relations; Dante Fascell, Member of Congress, Chairman of House Committee on Foreign Affairs; Tom Lantos, Member of Congress, Co-Chairman of the Congressional Human Rights Caucus; Charlie Rose, Member of Congress; Jesse Helms, U.S. Senator, Ranking Member of Senate Committee on Foreign Relations; William Broomfield, Member of Congress, Ranking Member of House Committee on Foreign Affairs; John Porter, Member of Congress, Co-Chairman of the Congressional Human Rights Caucus; Benjamin Gilman, Member of Congress, Member of House Committee on Foreign Affairs.

□ 1745

This is the letter that Senator PELL, Senator HELMS, and Congressmen FASCELL, BROOMFIELD, PORTER, GILMAN, ROSE, and I signed.

What was the Chinese response? The Chinese response came in two forms, Mr. Speaker. One, it came by denouncing the unanimous vote of the Congress of the United States calling for the observance of human rights by allowing the Dalai Lama to speak freely in a free country, by calling this a wanton interference in the internal affairs of communist China.

Mr. Speaker, we have news for our colleagues in China, every time the Congress of the United States speaks out on the subject of human rights violations, the totalitarian regime that feels the heat always complains about congressional interference. The Soviet Government complained when we called for the release of Shcharansky and Sakharov and others. Cuba complained when we called for human rights in Cuba. South Africa complained when we denounced the despicable practice of apartheid, and now China complains when we call for the observance of human rights in Tibet.

This will not deter the Congress or the American people for calling for human rights in Tibet.

The second answer the Chinese gave to the peaceful plea for dialogue by the Dalai Lama was the public execution of three Tibetan nationalists in the capital of Tibet, Lhasa, 3 days ago. Mr. Speaker, 15,000 people were brought together for a phony mass meeting during the course of which some decent Tibetan nationalists who want nothing more than to preserve the cultural identity of their people were executed.

Since that time, Mr. Speaker, we have had news reports that demonstrations are taking place in Lhasa. Peaceful Buddhist monks are putting their lives on the line to call in anguish for human rights for their people. The once weekly air flight between the Nepalese capital of Katmandu to the Tibetan capital of Lhasa has now been canceled because of the turmoil in Lhasa.

Mr. Speaker, we are calling on the Chinese Government to recognize that what we are asking for is something that they have accepted when they accepted membership in the community of nations, human rights for the people who live under their control.

The Congress will not go away and this issue and the American people will not rest until the long-suffering people of Tibet will have the right to fundamental human freedoms to which they are entitled.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. LANTOS. Mr. Speaker, I am delighted to yield to the gentleman from New York [Mr. GILMAN], my good friend and colleague who has played such a key role in human rights as it relates to Tibet and other areas.

Mr. GILMAN. Mr. Speaker, I thank the gentleman from California for yielding me this time.

Mr. Speaker, I want to commend the gentleman for his leadership in this very important issue along with the gentleman from North Carolina [Mr. ROSE], who for such a long time has attempted to bring to the attention of the Congress the problems confronting the beautiful land of Tibet.

Late last week some of the finest crews of our United States Air Force displayed their skills for the mainland Chinese military.

Little did our Air Force personnel realize at that time that in another part of China their hosts were putting on their own show.

At a staged rally attended by some 15,000 persons in Tibet's capital city, Lhasa, the PRC executed 2 Tibetan nationalists and announced the imprisonment of 9 others.

It is infuriating that in response to the U.S. Congress inviting and allowing His Holiness the Dalai Lama to address the Congressional Human Rights Caucus, the People's Republic of China carries out such an outrageous violation of human rights.

It is a slap in the face to the ideals of democracy and human rights that our country stands for and indeed to our Nation itself that while the leaders of the House Foreign Affairs Committee, the Senate Foreign Relations Committee, and the Human Rights Caucus praise His Holiness for his proposed peace plan, the government to which we supplied radar installations, antisubmarine missiles, artillery factories, and 50 advanced avionics packages, brutally suppresses people who want to practice their religion and administer their own country.

We question—isn't it enough that 1.2 million Tibetans have died as a result of the Chinese occupation—one-sixth of the population?

Isn't it enough that 7.5 million Chinese colonialists have already moved into Tibet, outnumbering the 6 million native Tibetans?

Isn't it enough that over 6,000 monasteries, temples, and historic structures have been looted and razed, their ancient, irreplaceable religious art and literature destroyed or sold by the Chinese?

We asked His Holiness, the Dalai Lama to be our guest in the Congress and to share his thoughts with us on how to put an end to the crisis his people face.

The PRC response to this peace initiative is repugnant and unacceptable.

In mid-June, this House adopted a resolution denouncing the human rights violations in Tibet by the People's Republic of China.

Today, I received the following letter from Tibet which I would like to share with my colleagues:

*To the Congressmen of the United States:*

We, the people of Tibet, are very thankful to the people of the United States and their representatives in government for having introduced and considered the amendments on Tibet. We are deeply appreciative for the acceptance these measures have gained so far and offer our deepest heart-felt prayers that they may pass through into law. For six million Tibetans, they constitute a recognition and response to what is still, in actuality, a desperate situation.

The people of Tibet continually beseech the great nation of the United States to grant aid to the just cause of His Holiness the Dalai Lama of Tibet and His Government in Exile.

LHASA, TIBET, August 18, 1987.

Mr. LANTOS. Mr. Speaker, I thank my friend from New York [Mr. GILMAN] for his excellent statement, and I am proud at this time to yield to the gentleman from North Carolina [Mr. ROSE], the individual who brought the plight of Tibet to the attention of the Congress of the United States and the American people.

The gentleman from North Carolina [Mr. ROSE] has been the preeminent fighter for human rights in Tibet. We all take our lead from him. This has been his cause for years and years, and we are proud and privileged to be in a modest supportive role of his leadership on behalf of human rights in Tibet.

Mr. ROSE. Mr. Speaker, I thank the distinguished chairman of the Human Rights Caucus, the gentleman from California [Mr. LANTOS], for his kind remarks, but his leadership this year in giving His Holiness a forum from which to present his five-point peace plan has caused more progress in bringing attention to the plight of Tibet than anything that any of us have done as long as we have been friends of His Holiness, the Dalai Lama. So your words are very kind but, Mr. Chairman, your support has been the catalyst that has made this great effort move as well as it has.

Mr. Speaker, I want to highlight one or two points. My colleagues, the gentleman from California [Mr. LANTOS] and the gentleman from New York [Mr. GILMAN], have done an excellent job of giving the broad strokes of this matter. In looking at this New York Times article of today, October 1, Thursday, it says that a western tourist says that he saw 150 people waving the flag in Lhasa.

Mr. Speaker, it just does something to me to think that they might be waving that flag knowing that we have given a forum to their spiritual leader, His Holiness, the Dalai Lama, who they knew was coming to the United States on a mission of peace to present a plan for the freedom of that great country and that as a result of all of that effort several of these people were taken out and summarily shot in the head in the traditional Chinese style of execution.

If the Chinese think that they have gotten our attention, they are right. If

they think that we are going to quit being interested in freedom in Tibet because they have shot some people, they are wrong.

They will make a grave error if they continue to shoot and execute people for supporting peace and freedom in Tibet. This issue is not going to go away. This is only a country of some 6 million people in a nation of 1 billion people. I cannot conceive that the Chinese have taken the tack that they have. Something politically has gone askew in Tibet. Maybe it is concern about the upcoming realignment or elections or party changes in that great nation of China, but that should not occur.

I have been very interested in watching the "Today Show" and "NBC Nightly News" this week broadcast from China. I thought at the first of the week that, well, it looks like the Chinese may have brainwashed NBC a little bit by all this free publicity and all this access to the Forbidden City and things like that. But as the week has gone along, I must pay a great compliment to NBC, they have been extremely objective and they have asked some tough questions and they have brought up the problems that are occurring in Tibet.

They showed one picture of a student waving a sign in Chinese that said, "We want more democracy. We fight for democracy. We want freedom."

Mr. Speaker, Chairman LANTOS has very well said what the people of Tibet want are their basic human rights, and that is what we in the Congress want to try to assure for them.

In closing, I would like to emphasize the five points in the letter that His Holiness, the Dalai Lama, came to this country to deliver. Those points are very telling and very simple. I am proud to be one of a group that I am very proud to be in the company of, Senator CLAIBORNE PELL, Senator JESSE HELMS, Congressman DANTE FASCELL, Congressman BILL BROOMFIELD, Congressman JOHN PORTER, and Congressman BEN GILMAN. Certainly there could have been others in the Congress that would have signed such a letter, and we will give our colleagues an opportunity to sign on concerning other issues this year.

The five-point peace plan is; First, transformation of the whole of Tibet into a peace zone. That is a real spooky type of proposal, is it not? The Chinese really ought to be frightened to death of the Dalai Lama, for the very idea of him over here asking for his country to be a peace zone. That is the kind of man His Holiness is. He is a man of peace, and he wants his country to be a peace zone. He does not want to be a political leader of his country, but he wants his country, his former homeland, to be at peace.

Second, the abandonment of China's population transfer policy which the gentleman from California [Mr. LANTOS] has explained.

Third, respect for human rights and democratic freedoms.

Fourth, restoration and protection of Tibet's natural environment and abandonment of China's use of Tibet for nuclear weapons or for a proposed dumping of nuclear waste materials.

Then, five, His Holiness wants to conduct earnest negotiations on the future status of Tibet and relations between the Tibetan and Chinese people.

Mr. Speaker, I believe, and my distinguished colleagues in the House and the Senate agree, that they are five reasonable proposals that the Chinese should take seriously. We as a country have no right to run or try to tell China how to do its business, but we as a Nation stand for principles of freedom and justice for all people wherever they are around the world.

□ 1800

One of the hallmarks of this country is freedom; and when Lafayette, whose picture hangs on the walls of this Chamber, left the shores of the United States after he had helped us win our Revolution from Great Britain, he went back home to France; and he wrote that liberty and freedom have finally found a home, and the home is in the United States of America.

That is why we stand here today on this floor. That is why the gentleman from California [Mr. LANTOS] chairs the Human Rights Caucus, to say to China, to all who would oppress people anywhere in this great planet of ours, we believe in freedom and justice.

If you want to live in this planet peacefully with us, respect justice, respect freedom.

I thank the gentleman especially for arranging for this special order, and I hope that those that read and see what has been said here today will be inspired that those of us who participated in this effort believe that this is a very basic human rights issue, and that we are not going to give up. We are going to stay with this one as long as we are here, as long as we have to.

Mr. LANTOS. Mr. Speaker, I am very grateful to the gentleman from North Carolina [Mr. ROSE], my friend, and the gentleman is absolutely correct.

We are not going away. This issue is not going away until the Chinese stop the violations of human rights in Tibet.

Mr. Speaker, I am very pleased that the gentleman from California [Mr. DORNAN], my good friend and colleague, has joined us in this special order.

The gentleman has been an indefatigable and totally dependable fighter for human rights on all of the human

rights issues that have come before this Congress.

I have had the great pleasure of working with the gentleman inside and outside the Human Rights Caucus, and I am delighted to yield to the gentleman from California [Mr. DORNAN].

Mr. DORNAN of California. Mr. Speaker, I thank the gentleman for yielding.

May I just say that it seems I am always following the gentleman's lead, and again I follow the gentleman's lead; and I am very happy to hear that the gentleman so graciously gives credit to the gentleman from North Carolina [Mr. ROSE], our good friend.

The gentleman said something earlier when the gentleman asked me if I would participate in this special order, the gentleman said that of all the groups being persecuted around the world, the Tibetan people have no representation in this country.

There has never been over history any migration of Tibetan people to this last vestige of freedom, as the gentleman from North Carolina [Mr. ROSE] put it, and liberty as Mr. Lafayette has put it, and because of that, they need voices.

The gentleman from California is such a strong voice, as is the gentleman from North Carolina [Mr. ROSE], and every member on our caucus.

I have been impressed that the Chinese Government has been moving so swiftly and has been, to use an old expression of my father's, on its best behavior, that they actually let two reporters from Taiwan into their country last month.

It was a stunning fact, the fact that they are going to let international reporters from all over the world, I assume from all over the world, be at their next Communist Party Congress, something the Soviet Union has never done, to be in the chamber and see the show of hands as they take votes. These are amazing things that are happening.

I watched the NBC series over the last few nights, the freedom of camera movement around the country, and the growth of freedom of movement for tourists is stunning since I visited that country in 1981.

I was in Katmandu in Nepal in 1966 and talked with some of the refugees that were still coming out in small numbers from Tibet following the Dalai Lama's exodus 7 years before, 1959.

They were telling horrible stories of execution, persecution; and I thought all of that was something in the two decades past of China's persecution of these people, but now to think that they have actually forced the Chinese people into Tibet, 7 million or more, to outnumber the very Tibetans in their own land, I can only think of a debate years ago on television, on the William

F. Buckley "Firing Line" show when it was a brandnew program and the English pacifist, Bertrand Russell, was trying to defend the Chinese invasion of Tibet.

Mr. Buckley pressed him about this invasion; and he said, "It is not an invasion," and Mr. Buckley said, "What do you call it then?"

He said after a long pause, "What the Chinese did was to include Tibet."

Well, this is one of the saddest inclusions, a verb that has got to be one of the strangest euphemisms for an invasion, this "inclusion" that has been a tragedy for over three decades, and to think that they are executing people in the stadium in Lhasa in front of 10,000 or 15,000 people forced to attend these executions. It is a sad throwback to the nightmares of the cultural revolution.

The gentleman used even a better metaphor than that weak word "included," kind of like Jonah and the whale being merged.

Ask Jonah how he feels about that merger, and I just appreciate the gentleman bringing it to the attention of the American people through our great Congress here, and I remember meeting the Dalai Lama in the Longworth Building about 8 years ago.

He is a gentle man, a man of peace with no political aspirations; and since the Chinese Government leaders under Deng Xiaoping, I hope they will realize that this is an ugly scar across the face of these improved relations that are growing between our two countries, and they had better understand that when people in this House stand up on both sides of the aisle and talk about human rights, we are talking about including the human rights of the beleaguered people of that far-away but beautiful section of the world called Tibet.

I thank the gentleman for making me very aware of this tragedy.

Mr. LANTOS. Mr. Speaker, I want to thank the gentleman from California [Mr. DORNAN], my friend and colleague, for the gentleman's moving and powerful and eloquent statement.

Mr. Speaker, the gentleman from Indiana [Mr. McCLOSKEY], one of our colleagues, is a good fighter for human rights and has a very special reason for participating in this special order; and I am delighted to yield to the gentleman from Indiana [Mr. McCLOSKEY].

Mr. McCLOSKEY. Mr. Speaker, I thank the gentleman for yielding.

I truly and sincerely appreciate the leadership and the courage the gentleman from California is showing on this issue.

I might say that I am somewhat amazed that our Chinese allies do not have any greater awareness of the political and communications dynamics of the United States, but to in effect

blast the gentleman from California, and blast all of the Members in the Congress for even taking an interest, or to say anything about this very pressing issue, their statements would indicate we have no right to even speak on this.

Obviously, that is not very realistic, because as the gentleman and other Members have noted, they are going to hear a lot more about this.

As the gentleman indicated also, we were very, very honored and gratified last week at the visit to the Human Rights Caucus, and quite frankly to other places in the Nation including my own hometown of Bloomington, IN, of the Dalai Lama, both in Washington, Bloomington, IN, and New York. He made an eloquent plea for human rights, self-determination for the people of Tibet, and gave us and the world the five-point plan which we all do hope is taken under serious consideration.

Knowledgeable Tibetan experts from all over the world last week informed Bloomington, that community, that in effect Tibet continues as perhaps in their words the world's largest gulag in that continuous jailings are occurring, something that I know the gentleman from California [Mr. DORNAN] is very concerned about; and there is an ongoing pattern of forced abortions, cultural extermination.

We now have the reports that the gentleman is taking the time and trouble to highlight now, that two Tibetan nationalists have been executed recently at Lhasa, to send a message, in the words of the Chinese, I suggest, that it is time for us to send a message to the People's Republic of China and also to our own administration that it is time for the silence that our own administration has been guilty of to the point of dereliction to cease regarding the extermination of Tibetan culture and Tibetan people.

The State Department in recent weeks has told me that Tibet is a part of China, and that there is no—and I am concerned about this—there is no Tibet desk in the State Department, nor is there any interest in retaining Tibetan speakers in the Foreign Service.

In effect, we are cooperating in the extermination of that culture. The administration is on record opposing human rights violations perpetrated by Communist enemies. Surely they can work similarly against human rights violations perpetrated by Communist so-called friends.

Our State Department should act now to strongly oppose future executions and jailings in Tibet, all political prisoners should be freed.

I think the administration and the People's Republic of China must realize, as has been stated tonight, that this is not a passing issue. It is not going to go away because of any fa-

tigue, inertia or various news developments or actions on their part.

I know the gentleman from California [Mr. LANTOS] and the gentleman from North Carolina [Mr. ROSE] and other members of the Human Rights Caucus and the Congress will speak loudly and constantly and work unceasingly until Tibet and its people receive better treatment.

Mr. LANTOS. Mr. Speaker, I thank the gentleman from Indiana [Mr. McCLOSKEY] for the gentleman's powerful statement.

Mr. Speaker, the gentleman from California [Mr. KONNYU], a distinguished member of the Executive Committee of the Congressional Human Rights Caucus, led the fight in the Caucus and in the Congress for human rights for Hungarians who live in Transylvania, a very serious and major human rights issue on the face of this planet today.

Human rights are indivisible, and whether it is the rights of ethnic Hungarians that are being violated by the Ceausescu regime in Romania, or the rights of Tibetans being violated by the People's Republic of China, the gentleman from California [Mr. KONNYU] is there to fight the battle for human rights.

Mr. Speaker, I yield to the gentleman from California [Mr. KONNYU].

Mr. KONNYU. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, I wish to note that I just returned 2 weeks ago from Nicaragua, a country infamous for human rights violations that they commit, where our information source from the human rights folks and leaders in Nicaragua showed that there are about 9,500 political prisoners in that country in jail, so as usual, to the leadership of the gentleman from California [Mr. LANTOS], I found out about the latest human rights violations that have become infamous; and that is those in Tibet, and when we did some research on it and found what they did, I found out that I, once again, want to respond to the distinguished gentleman from California and to the gentleman's leadership and support this cause, because it is necessary that the People's Republic of China and their leadership realize that there is strong bipartisan support in this Congress that they change.

Last week I had the opportunity to meet the man most Tibetans regard not only as their spiritual leader, but their political leader as well. This holy man is the Dalai Lama, a man who fled Tibet after the People's Republic of China military forces invaded and occupied his country in 1959, almost 30 years ago. A man who, since then, has been living in exile in India, a man who has watched the turmoil and political instability increase in his country. Since the takeover in 1959 of Tibet by the People's Republic of

China, over 1 million Tibetans have died as a result of imprisonment, political instability and famine.

Amnesty International reports that Tibetans are being imprisoned and killed for the nonviolent expression of their religious and political beliefs. Religious persecution has resulted in the destruction of over 6,000 Tibetan monasteries, where 1,300 years of Tibetan culture have been preserved and nurtured.

Now, the latest in the long list of blatant human rights violations has been the execution of two Tibetan nationalists and the announcement of long prison terms for others. These action by the People's Republic of China, no doubt are a direct reaction to the statements made by the Dalai Lama during this Washington visit last week, where he met with me and other Members of Congress and spoke out strongly in favor of Tibetan freedom, calling for China to end the great destruction they have undertaken in Tibet.

As a member of the Congressional Human Rights Caucus, I consider this most recent violation of human rights abhorrent, and call upon my colleagues to support Tibet's fight for freedom.

□ 1815

As we heard a few moments ago, Mr. Speaker, I noted that the People's Republic of China in response to American calls for keeping the human rights in China in proper perspective and following the dictates of that great policy, that they called our calls an interference in the internal affairs of the People's Republic of China.

While it is true that if we were totally divorced from that country, that would be interference, but the fact is that we are not. We trade with that country, sometimes on favorable terms, and when we favor a country in such a way we call that friendship and when a country that is a friend of ours violates human rights in such ways as murdering innocent people who non-violently demonstrate, then I think it is appropriate for us, the 535 legislative leaders of America to remind the People's Republic of China as to where their duty lies to humanity and where their duty lies to their friend, the United States.

Mr. LANTOS. Mr. Speaker, I want to thank my friend and colleague and look forward to working with him as an executive committee member of the Human Rights Caucus on all human rights issues that come before us.

Mr. Speaker, my friend and colleague from Los Angeles has been one of the leaders in the fight for human rights on all continents. He has been forceful, articulate, and eloquent. We can always count on him to stand up

and speak out when human rights are violated.

Mr. Speaker, I am delighted to yield to the gentleman from California, Mr. MEL LEVINE.

Mr. LEVINE of California. Mr. Speaker, I thank the gentleman for yielding. I appreciate his kind and generous remarks.

I wish to begin my comments by expressing my admiration for the gentleman from California [Mr. LANTOS], my friend, who has so capably and eloquently led so many struggles for human rights, and I wish to especially commend him on this occasion for calling this special order on Tibet, a subject of extraordinary urgency and significance.

Mr. Speaker, there are unfortunately all too many people who are not aware of the systematic destruction of culture which has occurred in Tibet over the last three decades, and the cochairs of the Human Rights Caucus, my friend, the gentleman from California [Mr. LANTOS], and our friend, the gentleman from Illinois [Mr. PORTER], along with our friend, the gentleman from North Carolina [Mr. ROSE], and the gentleman from New York [Mr. GILMAN] and others, deserve the recognition and the thanks of all of us for their untiring efforts to bring attention to this situation.

Mr. Speaker, it has been 36 years since the People's Republic of China invaded Tibet and robbed it of its independence. In those 36 years, the people of Tibet, a people dedicated to the principles of nonviolence and mutual coexistence, have suffered the ravages of a regime determined to stamp out their culture. Through population transfer, as the gentleman from California and others have mentioned, and through brutal repression that borders on the genocidal, the People's Republic has achieved domination over Tibet today; but neither the Tibetan people nor their leadership has given up, and neither should they give up and neither will they give up. The struggle for Tibetan autonomy continues, embodied in the efforts of Tibet's spiritual leader, his Holiness, the Dalai Lama, to focus international attention on the plight of his countrymen.

Indeed, those efforts have been very successful. The U.N. General Assembly has three times now passed resolutions calling for the cessation of human rights violations in Tibet and for the implementation of the right of the Tibetan people to self-determination. Unfortunately, the People's Republic of China has ignored these resolutions.

More recently, the People's Republic of China reprimanded this House, as others have mentioned, for passing an amendment sponsored by Congressmen ROSE and GILMAN calling for simi-

lar measures. The amendment, which I strongly supported, and which was strongly supported on an across-the-board bipartisan basis by people of every philosophical stripe on the floor of this House, requires the President to certify in connection with any sale or transfer of defense articles to the People's Republic of China, that the People's Republic of China is making good-faith efforts to deal with the issues of human rights and self-determination in Tibet. This is an issue, as others have mentioned, which will remain significant and which will remain an issue of vital concern to the Members of this House.

The People's Republic of China, unfortunately, has accused us, as they put it, of "wantonly interfering" in their internal affairs by passing this amendment.

Astonishingly, in the recent past, the People's Republic of China has acted in the most brutal possible fashion by executing Tibetan nationalists and Tibetan nationalists.

I think it is tragic at a time when the People's Republic is displaying an admirable open-mindedness toward Western economic and social concepts and when cooperation between the United States and the People's Republic of China in other areas is growing in a variety of pursuits, that the People's Republic of China should adopt such a defensive, antagonistic attitude about American concern for the survival of Tibetan culture. It is appropriate American concern and it is concern which will continue and it is concern which will affect relations between the United States and the People's Republic of China, as well it should.

The People's Republic prides itself on its ancient culture. It should not be so difficult for the People's Republic of China to understand American admiration for and concern for the survival of other similarly distinguished cultures.

Mr. Speaker, I hope that those People's Republic of China officials who are reluctant to admit that a problem exists here will recognize that in fact there is a problem and that their refusal to address this problem will make it a problem not just between them and Tibet, but between them and the United States. We would neglect our most basic duties as human beings and as American citizens if we stood by and ignored the destruction of an entire way of life.

So I wish to join with Members on both sides of the aisle in commending my colleagues for making sure that we cannot ignore this extraordinarily important issue. I want to encourage my colleagues to continue their admirable efforts and I want to especially compliment my friend from California for his leadership on this issue and to emphasize that this is an issue that not only will not go away, but will contin-

ue to be of great significance to the American people and to the people throughout this land.

Mr. LANTOS. Mr. Speaker, I want to thank my very distinguished and good friend from southern California for his statement of conscience and eloquence.

I would like to add, Mr. Speaker, that my distinguished friend from southern California made a very important point. The action of the House was unanimous, across the political spectrum, all 50 States, Republicans and Democrats, expressed their concern for the violation of human rights by China in Tibet.

It is singularly appropriate, Mr. Speaker, that as we celebrate this month the 200th anniversary of our Constitution that we put it to work, and there is no more effective way of putting it to work than by calling on the government of China to honor its international commitments to the people of Tibet, so that they may live in terms of their own identity with their religious beliefs, with the degree of freedom that all men and women in Tibet and elsewhere are so fully entitled to.

Mr. Speaker, my colleague and friend, Congresswoman PELOSI has submitted a statement, which I will have included in this special order under a request for general leave.

Mr. Speaker, I want to assure all my colleagues on both sides of the aisle that the fight for human rights in Tibet will go on until we achieve our objective.

Ms. PELOSI. Mr. Speaker, this special order was called to allow Members of Congress to express their outrage over recent Chinese human rights abuses against Tibetans. Just last week, the Dalai Lama, the spiritual leader of Tibet, appeared before the Congressional Human Rights Caucus to make an historic statement. The Dalai Lama went into exile in India in 1959, when military forces from the People's Republic of China occupied his country. A reign of terror ensued in Tibet, during which over 6,000 monasteries with their 13 centuries worth of Tibetan culture were destroyed. This kind of destruction is inexcusable.

I attended the Dalai Lama's talk here. He calmly and reasonably proposed a five-point peace plan which could prove to be a sound step toward a negotiated settlement with China on the Tibetan issue. The Dalai Lama was not speaking here risk-free, but freedom of speech is one of the fundamental rights in the United States. On September 18, the Chinese Embassy warned against political statements by the Dalai Lama. But, again, freedom of speech is a right in the United States. The Dalai Lama spoke to us on September 21. By September 25, we had received news of retaliatory actions taken by the People's Republic of China against Tibetans. Two Tibetans were executed and nine others were given prison sentences.

Mr. Speaker, I believe that these incidents are not coincidental. They are actions taken by the People's Republic of China in an attempt to silence the Dalai Lama and others who are trying to save the Tibetan way of life. I am outraged at this kind of intimidation tactic. The Dalai Lama came here with a message of peace and negotiation. He has a right to express that message. This blatant violation of human rights must not go unnoticed.

#### GENERAL LEAVE

Mr. LANTOS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of this special order tonight.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mrs. SAIKI) to revise and extend their remarks and include extraneous material:)

Mr. WALKER, for 5 minutes, today.

Mr. HENRY, for 60 minutes, on October 6.

Mr. BURTON of Indiana, for 5 minutes, today.

Mr. DANNEMEYER, for 5 minutes, today.

Mr. DORNAN of California, for 5 minutes, today.

Mrs. SAIKI, for 5 minutes, today.

(The following Members (at the request of Mr. LANTOS) to revise and extend their remarks and include extraneous material:)

Mr. NELSON of Florida, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. LaFALCE, for 5 minutes, today.

Mr. DORGAN of North Dakota, for 5 minutes, today.

Mr. HAWKINS, for 60 minutes each day, on October 5 and 6.

Mr. DYMALLY, for 60 minutes each day, on October 5 and 6.

Mr. SKELTON, for 30 minutes, on October 6.

Mr. GONZALEZ, for 60 minutes each day, on October 5 and 7.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ROSTENKOWSKI, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost \$2,210.

Mr. PANETTA, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost \$5,401.

Mr. FOLEY, immediately following the vote on rollcall 343.

(The following Members (at the request of Mrs. SAIKI) and to include extraneous matter:)

Mr. MARLENEE.

Mr. HORTON in two instances.

Mr. LEWIS of California.

Mr. LAGOMARSINO in three instances.

Mr. SOLOMON.

Mr. BILIRAKIS.

Mr. BEREUTER.

Mr. HENRY.

Mr. ARMEY.

Mr. WORTLEY.

Mr. CRAIG.

Mr. DREIER of California.

Mr. OXLEY.

Mr. HYDE.

Mr. GALLO.

Mr. JEFFORDS.

Mr. GUNDERSON.

Mrs. BENTLEY in two instances.

Mr. BADHAM.

Mr. SAXTON.

Mr. YOUNG of Florida.

Mr. PACKARD.

Mr. HERGER.

Mr. McEWEN in three instances.

Mr. COLEMAN of Missouri.

Mr. LUJAN.

Mr. GILMAN in two instances.

Mr. SMITH of New Jersey.

Mr. DORNAN of California.

Mr. GINGRICH.

(The following Members (at the request of Mr. LANTOS) and to include extraneous matter:)

Mrs. LLOYD in five instances.

Mr. HAMILTON in 10 instances.

Mr. DE LA GARZA in 10 instances.

Mr. LELAND in three instances.

Mr. ROE.

Mr. ROBINO in two instances.

Mr. FRANK.

Mr. KENNELLY.

Mr. WEISS.

Mr. LANTOS in five instances.

Mr. WHEAT.

Mr. LEHMAN of Florida.

Mr. ORTIZ.

Mr. BRYANT.

Mr. MONTGOMERY in two instances.

Mr. SKELTON.

Mr. BORSKI in two instances.

Mr. DANIEL.

Mr. TRAFICANT.

Mr. TOWNS.

Mr. MILLER of California in two instances.

Mr. RANGEL.

#### SENATE ENROLLED JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following titles:

S.J. Res. 84. Joint resolution to designate October 1987 as "National Down's Syndrome Month," and

S.J. Res. 142. Joint resolution to designate the day of October 1, 1987, as "National Medical Research Day."

#### A BILL AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on Sept. 30, 1987, present to the President, for his approval, a bill and a joint resolution of the House of the following titles:

H.R. 1744. An act to amend the National Historic Preservation Act to extend the authorization for the Historic Preservation Fund, and

H.J. Res. 355. Joint resolution designating September 27, 1987, as "Gold Star Mothers Day."

#### ADJOURNMENT

Mr. LANTOS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 25 minutes p.m.) under its previous order, the House adjourned until Monday, October 5, 1987, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2178. A letter from the Secretary of Housing and Urban Development, transmitting the Department's fiscal year 1987 report on the Rental Rehabilitation Program, pursuant to 42 U.S.C. 1437o(n) (September 1, 1937, chapter 896, section 17(n) (97 Stat. 1206)); to the Committee on Banking, Finance and Urban Affairs.

2179. A letter from the Secretary of Education, transmitting the Department's 13th edition of the annual statistical report entitled, "The Condition of Education," pursuant to 20 U.S.C. 1231a(b); to the Committee on Education and Labor.

2180. A letter from the Secretary of Health and Human Services, transmitting the Department's report on personnel for health needs of the elderly, pursuant to 42 U.S.C. 285e note; to the Committee on Energy and Commerce.

2181. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting the Agency's report on class V injection wells, pursuant to section 1426(b), 1986 amendments to the Safe Drinking Water Act; to the Committee on Energy and Commerce.

2182. A letter from the General Counsel, Department of Energy, transmitting notification of a meeting related to the International Energy Program to be held on October 1, 1987, San Francisco, CA; to the Committee on Energy and Commerce.

2183. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notification of travel advisories issued by the Department for Cuba, Haiti, Honduras, Panama,

Sri Lanka, and Vietnam which have security implications for Americans traveling or residing in those countries, pursuant to 22 U.S.C. 2656e; to the Committee on Foreign Affairs.

2184. A letter from the Director, Division of Commissioned Personnel, Office of the Surgeon General, Public Health Service, Department of Health and Human Services, transmitting the annual report on the retirement system for the Commissioned Corps of the Public Health Service for the plan year ending September 30, 1986, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Operations.

2185. A letter from the Records Officer, U.S. Postal Service, transmitting notice of two proposed new Federal records systems, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2186. A letter from the Special Counsel, U.S. Merit Systems Protection Board, transmitting a copy of the report of the Administrator of Veterans' Affairs on his findings and conclusions of his investigation into allegations of patient abuse endangering the public health and safety, pursuant to 5 U.S.C. 1206(b)(5)(A); to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 2583. A bill to authorize additional appropriations for the San Francisco Bay National Wildlife Refuge (Rept. 100-326). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHEAT: Committee on Rules. House Resolution 279. Resolution providing for the consideration of H.R. 2897, a bill to amend the Federal Trade Commission Act to extend the authorization of appropriations in such Act, and for other purposes (Rept. 100-327). Referred to the House Calendar.

Mr. BROOKS: Committee on Government Operations. A report on getting defense contractor profits in line with commercial experience and Government policy—difficult but possible (Rept. 100-328). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Defense Department, unable to account for more than \$600 million in its foreign military sales program, promises reforms (Rept. 100-329). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. A report on how contractors provide defective cost estimates; defense department pays sticker prices (Rept. 100-330). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. A report relating how the Air Force and Navy are still proliferating radar warning receivers that duplicate each other (Rept. 100-331). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 1548. A bill to withdraw certain Federal lands in the State of California for military purposes, and for

other purposes; with an amendment (Report 100-332, Pt. 1). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JACOBS:

H.R. 3389. A bill to amend title 18, United States Code, to punish persons who transfer blood knowing it is infected with the virus for acquired immune deficiency syndrome; to the Committee on the Judiciary.

By Mr. HYDE:

H.R. 3390. A bill to impose a criminal penalty for flight to avoid payment of arrearages in child support; to the Committee on the Judiciary.

By Mr. ROSTENKOWSKI (for himself, Mr. DUNCAN, Mr. GIBBONS, and Mr. DAUB):

H.R. 3391. A bill to prohibit the importation into the United States of all products of Iran, and for other purposes; to the Committee on Ways and Means.

By Mr. LaFALCE (for himself and Mr. McDade):

H.R. 3392. A bill to amend the Small Business Investment Act of 1958 to create the Corporation for Small Business Investment, to transfer certain functions of the Small Business Act to the Corporation, and for other purposes; to the Committee on Small Business.

By Mr. LEVINE of California (for himself, Mr. FASCELL, Mr. BROOMFIELD, Mr. HAMILTON, Mr. GILMAN, Mr. BONKER, Mr. ATKINS, Mr. SMITH of Florida, and Mr. BERMAN):

H.R. 3393. A bill to require the President to expand the existing embargo on trade with Iran to include a prohibition on the importation of all products of Iran; jointly, to the Committees on Foreign Affairs and Ways and Means.

By Mr. LEVINE of California:

H.R. 3394. A bill to require the city of Los Angeles, CA, to make improvements to the Hyperion Wastewater Treatment Plant in accordance with a construction schedule; to the Committee on Public Works and Transportation.

By Mr. FORD of Michigan:

H.R. 3395. A bill making technical corrections relating to the Federal employees' retirement system, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. MOLINARI:

H.R. 3396. A bill to provide for the rehiring of certain former air traffic controllers; to the Committee on Post Office and Civil Service.

By Mr. DiOGUARDI (for himself and Mr. GILMAN):

H.R. 3397. A bill to amend the Public Health Service Act to establish a program of grants to the States for the purpose of providing to the public information on Lyme disease; to the Committee on Energy and Commerce.

By Mr. FRANK:

H.R. 3398. A bill to amend section 3524 of title 18, United States Code, to modify the provisions with respect to visitation rights of parents whose children are relocated under the witness protection program; to the Committee on the Judiciary.

By Mr. SHARP (for himself, Mr. DINGELL, Mr. MOORHEAD, Mr. WYDEN, Mr. DANNEMEYER, Mr. OXLEY, and Mr. RICHARDSON):

H.R. 3399. A bill to develop a national alternative motor fuels policy and to coordinate efforts to implement such policy; to the Committee on Energy and Commerce.

By Mr. CLAY (for himself, Mr. FORD of Michigan, Mr. TAYLOR, Mrs. SCHROEDER, Mr. GILMAN, Mr. SOLARZ, Mr. PASHAYAN, Mr. GARCIA, Mr. HORTON, Mr. LELAND, Mr. MYERS of Indiana, Mr. YATRON, Mr. YOUNG of Alaska, Ms. OAKAR, Mrs. MORELLA, Mr. SIKORSKI, Mr. McCLOSKEY, Mr. ACKERMAN, Mr. DYMALLY, Mr. UDALL, Mr. DE LUGO, Mr. ALEXANDER, Mr. APFLEGATE, Mr. BERMAN, Mr. BIAGGI, Mr. BILBRAY, Mr. BONTOR of Michigan, Mr. BORSKI, Mr. BOUCHER, Mr. BROWN of California, Mr. BUSTAMANTE, Mrs. BYRON, Mr. CARPER, Mr. CARR, Mr. CLARKE, Mr. COLEMAN of Texas, Mrs. COLLINS, Mr. COYNE, Mr. DAVIS of Illinois, Mr. DeFAZIO, Mr. DELLUMS, Mr. DICKS, Mr. DIXON, Mr. DORGAN of North Dakota, Mr. DOWNEY of New York, Mr. DWYER of New Jersey, Mr. EARLY, Mr. EDWARDS of California, Mr. EVANS, Mr. FAZIO, Mr. FISH, Mr. FOGLIETTA, Mr. FRANK, Mr. FROST, Mr. GAYDOS, Mr. GEJENSON, Mr. GONZALEZ, Mr. HAMILTON, Mr. HAWKINS, Mr. HAYES of Illinois, Mr. HOCHBRUECKNER, Mr. HOWARD, Mr. HOYER, Mr. JACOBS, Mr. JOHNSON of South Dakota, Mr. JONTZ, Ms. KAPTUR, Mr. KASTENMEIER, Mr. KENNEDY, Mr. KILDEE, Mr. KLECZKA, Mr. KOLTER, Mr. KOSTMAYER, Mr. LANCASTER, Mr. LEATH of Texas, Mr. LEHMAN of California, Mr. LOWERY of California, Mr. LOWRY of Washington, Mr. MANTON, Mr. MARKEY, Mr. MARTINEZ, Mr. MATSUI, Mr. MAVEROULES, Mr. McHUGH, Mr. MFUME, Mr. MOODY, Mr. MORRISON of Connecticut, Mr. MRAZEK, Mr. MURPHY, Mr. NAGLE, Mr. NEAL, Mr. NICHOLS, Mr. OBERSTAR, Mr. OLIN, Mr. OWENS of New York, Mr. OWENS of Utah, Ms. PELOSI, Mr. PENNY, Mr. PERKINS, Mr. PICKETT, Mr. RANGEL, Mr. RAY, Mr. ROBINSON, Mr. ROE, Mr. ROSE, Mr. ROWLAND of Connecticut, Mr. SABO, Mr. SAVAGE, Mr. SAWYER, Mr. SISISKY, Mr. SKAGGS, Ms. SLAUGHTER of New York, Mr. SMITH of Iowa, Mr. SMITH of Florida, Mr. STARK, Mr. SWIFT, Mr. TORRES, Mr. TORRICELLI, Mr. TOWNS, Mr. TRAXLER, Mr. VENTO, Mr. VOLKMER, Mr. WALGREN, Mr. WHEAT, Mr. WILLIAMS, Mr. WILSON, Mr. WOLPE, and Mr. WYDEN):

H.R. 3400. A bill to amend title 5, United States Code, to restore to Federal civilian employees their right to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. GUNDERSON:

H.R. 3401. A bill to amend the Securities Exchange Act of 1934 to impose certain restrictions on the conduct of hostile takeovers by foreign-based persons, and for other purposes; to the Committee on Energy and Commerce.

By Mr. JOHNSON of South Dakota: H.R. 3402. A bill to amend the Agricultural Act of 1949 to require the Secretary of

Agriculture to make advance deficiency payment for the 1988 through 1990 crop years for certain crops; to the Committee on Agriculture.

By Mrs. KENNELLY (for herself, Mr. DOWNEY of New York, Mr. GREEN, and Mr. RANGEL):

H.R. 3403. A bill to amend the Internal Revenue Code of 1986 to exclude from gross income the value of certain transportation furnished by an employer; to the Committee on Ways and Means.

By Mr. LELAND:

H.R. 3404. A bill to provide a prepaid dental care program for Federal employees; to the Committee on Post Office and Civil Service.

By Mr. McEWEN:

H.R. 3405. A bill to deny most-favored-nation treatment to the products of Iran and Libya until the governments of those countries renounce terrorism and take other appropriate actions; to the Committee on Ways and Means.

H.R. 3406. A bill to embargo trade between the United States and Iran until the Government of Iran renounces terrorism, negotiates in good faith to end regional warfare, and takes other appropriate action; jointly to the Committees on Ways and Means and Foreign Affairs.

By Mr. MOLLOHAN (for himself and Mr. RAHALL):

H.R. 3407. A bill to establish the Blennerhassett National Historical Park in the State of West Virginia, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. OWENS of Utah (for himself, Mr. NIELSON of Utah, and Mr. HANSEN):

H.R. 3408. A bill to increase the amounts authorized for the Colorado River Storage Project; to the Committee on Interior and Insular Affairs.

By Mrs. PATTERSON (for herself, Mr. MONTGOMERY, Mr. HAMMER-SCHMIDT, Mr. SOLOMON, Mr. JOHNSON of South Dakota, Mr. JONTZ, and Ms. KAPTUR):

H.R. 3409. A bill to amend title 38, United States Code, to authorize the Administrator of Veterans' Affairs to provide child day care services to employees of Veterans' Administration medical centers; to the Committee on Veterans' Affairs.

By Mr. SOLARZ:

H.R. 3410. A bill to amend title XIX of the Social Security Act to prohibit States, as a condition of Medicaid funding, from discriminating in its medical reciprocity standards—other than years of accredited graduate medical education—against foreign medical graduates; to the Committee on Energy and Commerce.

By Mr. STUDDS:

H.R. 3411. A bill to clarify the authority of the Administrator to utilize environmental improvement projects when enforcing the Ocean Dumping Act and the Clean Water Act; jointly to the Committees on Merchant Marine and Fisheries and Public Works and Transportation.

By Mr. WAXMAN (for himself, Mr. WYDEN, and Mr. HYDE):

H.R. 3412. A bill to amend the Consumer Product Safety Act to strengthen the authority of the Consumer Product Safety Commission over amusement devices; to the Committee on Energy and Commerce.

By Mr. WEISS (for himself, Mr. RANGEL, Mr. GREEN, Mr. HORTON, Mr. ACKERMAN, Mr. BIAGGI, Mr. DIOGUARDI, Mr. DOWNEY of New York,

Mr. FISH, Mr. FLAKE, Mr. GARCIA, Mr. McHUGH, Mr. MANTON, Mr. MARTIN of New York, Mr. MRAZEK, Mr. NOWAK, Mr. OWENS of New York, Mr. SCHEUER, Mr. SCHUMER, Ms. SLAUGHTER of New York, Mr. SOLARZ, Mr. STRATTON, Mr. TOWNS, and Mr. WORTLEY);

H.R. 3413. A bill to require the Administrator of General Services to convey certain property to the Museum of the American Indian; to the Committee on Government Operations.

By Mr. COLEMAN of Missouri:

H.J. Res. 367. Joint resolution designating October 16-22, 1988, as "National Pythian Sister Week"; to the Committee on Post Office and Civil Service.

By Mr. LELAND:

H.J. Res. 368. Joint resolution designating the week of November 8 through November 14, 1987, as "National Food Bank Week"; to the Committee on Post Office and Civil Service.

By Mr. WORTLEY:

H.J. Res. 369. Joint resolution designating November 7, 1987, as "The Memorial Day for Victims of Communism"; to the Committee on Post Office and Civil Service.

By Mrs. SAIKI:

H. Con. Res. 193. Concurrent resolution to express a sense of the Congress that the U.S. Government condemns the recent Soviet missile tests near the State of Hawaii, and that the President report to the Congress within 10 days on the details of the tests; to the Committee on Foreign Affairs.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

220. By the SPEAKER: Memorial of the Legislature of the State of California, relative to a national maritime museum in San Francisco; to the Committee on Interior and Insular Affairs.

221. Also, memorial of the Legislature of the State of California, relative to information on antifouling paints; to the Committee on Merchant Marine and Fisheries.

222. Also, memorial of the Legislature of the State of California, relative to air traffic safety; to the Committee on Public Works and Transportation.

223. Also, memorial of the Legislature of the State of California, relative to Veterans' Administration funding; to the Committee on Veterans' Affairs.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. CALLAHAN introduced a bill (H.R. 3414) for the relief of Meenakshiben P. Patel; which was referred to the Committee on the Judiciary.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 20: Mr. STUDDS.

H.R. 21: Mr. STUDDS.

H.R. 190: Mr. ROE, Mr. WEISS, and Mr. RIDGE.

H.R. 303: Mr. GONZALEZ, Mr. DAUB, Mr. KASTENMEIER, Mr. LEWIS of Georgia, Mr.

BIAGGI, Mr. OXLEY, Mr. LANTOS, Mr. MRAZEK, Mr. FOGLIETTA, Mr. SIKORSKI, Mr. RINALDO, Mr. DONNELLY, Mr. KOLTER, and Mr. FEIGHAN.

H.R. 474: Mrs. ROUKEMA.

H.R. 562: Mrs. ROUKEMA.

H.R. 570: Mr. NEAL.

H.R. 579: Mr. SWIFT.

H.R. 753: Mr. UPTON.

H.R. 940: Mr. RINALDO and Mr. COURTER.

H.R. 1016: Ms. KAPTUR and Mr. RICHARDSON.

H.R. 1020: Mr. SHAW.

H.R. 1049: Mr. ESPY.

H.R. 1106: Mr. ESPY.

H.R. 1115: Mr. MARTIN of New York.

H.R. 1201: Mr. BORSKI.

H.R. 1234: Mr. HOWARD.

H.R. 1242: Mr. BORSKI and Mr. BOEHLERT.

H.R. 1337: Mr. FISH and Mr. MARLENEE.

H.R. 1369: Mr. HOWARD.

H.R. 1432: Mr. MONTGOMERY and Mr. ESPY.

H.R. 1517: Mr. BUECHNER, Mr. HAMMER-SCHMIDT, Mr. HENRY, Mrs. MEYERS of Kansas, Mr. GRANT, Mr. ORTIZ, Mr. SHAW, Mr. MINETA, Mr. APPELATE, Mr. FOGLIETTA, and Mr. RITTER.

H.R. 1587: Mr. CRAIG and Mr. STALLINGS.

H.R. 1606: Mr. BRYANT.

H.R. 1620: Mr. TORRICELLI.

H.R. 1737: Mr. WALGREN and Mr. FOGLIETTA.

H.R. 1801: Mr. NIELSON of Utah, Mr. JOHNSON of South Dakota, Mr. FOGLIETTA, Mr. DEFazio, Mr. HAWKINS, Mr. MFUME, Mr. HOWARD, Mrs. MORELLA, and Mr. BATES.

H.R. 1807: Mr. BILBRAY.

H.R. 1834: Mr. RANGEL.

H.R. 1938: Mr. ACKERMAN, Mr. ROYBAL, Mr. BILIRAKIS, Mr. LEWIS of Florida, Mr. PENNY, Mr. OBERSTAR, and Mr. JOHNSON of South Dakota.

H.R. 2045: Mr. HAYES of Louisiana, Mr. CALLAHAN, Mr. WILSON, Mr. HARRIS, and Mr. BORSKI.

H.R. 2091: Mr. BATES, Mr. GINGRICH, and Mr. LAGOMARSINO.

H.R. 2148: Mr. DURBIN, Mr. STANGELAND, Mr. HYDE, Mr. FOGLIETTA, Mr. OWENS of Utah, and Mr. TORRES.

H.R. 2191: Mr. LUJAN and Mr. BUSTAMANTE.

H.R. 2248: Mr. MANTON and Mr. HANSEN.

H.R. 2260: Mr. QUILLEN, Mr. GINGRICH, Mr. SWIFT, Mr. DUNCAN, and Mr. OBERSTAR.

H.R. 2433: Mr. LAGOMARSINO and Mr. HOLLOWAY.

H.R. 2455: Mr. JOHNSON of South Dakota and Mr. CAMPBELL.

H.R. 2508: Mr. BERMAN.

H.R. 2532: Mr. PEPPER and Mr. KILDEE.

H.R. 2546: Mr. BRENNAN.

H.R. 2567: Mr. CARPER.

H.R. 2586: Mr. WHITTEN, Mr. GAYDOS, Mr. HALL of Ohio, Mr. GIBBONS, Mr. JONES of North Carolina, Mr. GILMAN, Mr. GLICKMAN, Mr. BEVILL, Mr. WOLFE, Mrs. MORELLA, Mr. GREEN, Mr. HAMMERSCHMIDT, Mr. BUSTAMANTE, Mr. PICKETT, Mr. TRAXLER, Mr. HAYES of Louisiana, Mr. PEPPER, Mr. GRAY of Illinois, Mr. STARK, Mr. JENKINS, Mr. DOWNEY of New York, Mr. RINALDO, Mr. HENRY, Mr. FLORIO, Mr. NIELSON of Utah, Mr. ERDREICH, Mr. HUNTER, Mr. SLATTERY, Mr. DERRICK, Mr. ANDERSON, Mr. THOMAS A. LUKE, Mr. BORSKI, Mr. DYMALLY, Mr. BENNETT, Mr. WORTLEY, Mr. ENGLISH, Mr. HATCHER, and Mr. HUCKABY.

H.R. 2604: Mr. NEAL.

H.R. 2626: Mr. FISH.

H.R. 2649: Mr. FROST, Mr. GRAY of Illinois, Mr. KASTENMEIER, Mr. MILLER of California, Mr. SAVAGE, Mr. HOYER, Mr. DEWINE, Mr.

SCHUMER, Mr. THOMAS of Georgia, Mr. WALGREN, Mr. BARNARD, Ms. SLAUGHTER of New York, Mr. LEWIS of Florida, Ms. PELOSI, Mr. FAZIO, Mr. MAVROULES, Mr. CROCKETT, Mr. LEVINE of California, Mr. ATKINS, and Mr. CHAPMAN.

H.R. 2692: Mr. JONTZ, Mrs. JOHNSON of Connecticut, Mr. BORSKI, Mr. BROWN of California, Mr. TRAXLER, and Mr. KEMP.

H.R. 2717: Mr. STAGGERS, Mr. HOCHBRUECKNER, Mr. LOWRY of Washington, Mr. PEPPER, Mr. KILDEE, Mr. COYNE, Mr. PEASE, Mr. HUGHES, and Mr. FLAKE.

H.R. 2791: Mrs. ROUKEMA.

H.R. 2858: Mr. BLILEY, Mr. WEBER, Ms. SNOWE, Mr. ROTH, Mr. LOWRY of Washington, Mr. MINETA, and Mr. WYDEN.

H.R. 2862: Mr. CAMPBELL, Mr. DARDEN, Mr. BADHAM, Mr. DAVIS of Illinois, Mr. JONTZ, and Mr. NELSON of Florida.

H.R. 2870: Mr. BUSTAMANTE and Mr. BIAGGI.

H.R. 2883: Mr. MANTON, Mr. HUBBARD, Mr. ENGLISH, Mr. RAHALL, and Mr. TORRICELLI.

H.R. 2934: Mr. WILSON.

H.R. 3010: Mr. JONTZ, Mr. BRUCE, Mr. MANTON, and Mr. WOLPE.

H.R. 3011: Mr. AKAKA, Ms. PELOSI, Mr. CONYERS, Mr. LEHMAN of California, and Mr. GRAY of Illinois.

H.R. 3021: Mr. HENRY, Mr. SCHUETTE, Mr. WORTLEY, Mr. LEWIS of Florida, Mr. DONALD E. LUKENS, Mr. DAUB, Ms. KAPTUR, Mr. WOLPE, and Mr. SLATTERY.

H.R. 3044: Mr. OBERSTAR.

H.R. 3045: Mr. OBERSTAR.

H.R. 3053: Mr. RITTER.

H.R. 3071: Mr. TORRES.

H.R. 3075: Mr. HUCKABY, Mr. MARTIN of New York, Mr. COATS, Mr. DANNEMEYER, Mr. LUNGREN, Mr. COELHO, Mr. HASTERT, Mr. DORNAN of California, Mr. MOORHEAD, Mr. COBLE, Mr. DONALD E. LUKENS, Mrs. VUCANOVICH, Mr. HUBBARD, Mr. NIELSON of Utah, Mr. MINETA, Mr. DEWINE, Mr. MCCOLLUM, Mr. INHOFE, and Mr. QUILLEN.

H.R. 3127: Mr. CLINGER, Mr. SAVAGE, Mr. YATRON, Mr. WALGREN, Mr. RITTER, and Mrs. MARTIN of Illinois.

H.R. 3147: Mr. DORGAN of North Dakota.

H.R. 3171: Mr. MCCLOSKEY, Mr. WILSON, Mr. BERMAN, Mr. BILBRAY, Mr. OXLEY, Mr. MAVROULES, Mr. LOWRY of Washington, Mr. ATKINS, Ms. SLAUGHTER of New York, Mr. SKEEN, Mr. YOUNG of Florida, Mr. BATES, Mr. MINETA, Mr. DEWINE, and Mr. EVANS.

H.R. 3195: Mr. BRUCE, Mr. CONYERS, Mr. OWENS of New York, Mr. WOLPE, Mr. BONIOR of Michigan, and Mr. BORSKI.

H.R. 3225: Mr. ROYBAL, Mr. DOWNEY of New York, Mr. FOGLIETTA, Mr. BONER of Tennessee, Mr. RICHARDSON, Mr. PEPPER, Mr. WISE, and Mr. DAVIS of Michigan.

H.R. 3290: Mr. FASCELL, Mr. SHAW, and Mr. MICA.

H.R. 3292: Mr. LEVINE of California, Mr. HAYES of Illinois, Mr. FAZIO, Mr. GARCIA, Mr. OWENS of New York, Mr. LEWIS of Georgia, Ms. PELOSI, Mr. FOGLIETTA, and Mr. ROE.

H.R. 3322: Mr. CONYERS, Mr. HUGHES, Mr. MRAZEK, Mrs. COLLINS, Mr. SKELTON, Mr.

HAYES of Louisiana, Mr. SUNDQUIST, Mr. RODINO, Mr. MONTGOMERY, and Mr. HOLLOWAY.

H.R. 3336: Mr. TAUKE, Mr. HOWARD, Mr. SCHUETTE, and Mr. MARTINEZ.

H.R. 3338: Mr. MYERS of Indiana, Mr. BADHAM, Mr. WEISS, Mr. OXLEY, Mr. WOLF, Mr. PRICE of North Carolina, Mr. BROWN of Colorado, Mr. RHODES, Mr. HOYER, Mr. BAL-LENGER, Mr. ROBERTS, Mr. SIKORSKI, Mr. GINGRICH, Mr. MARKEY, Mr. COUGHLIN, Mr. COURTER, Mr. LAGOMARSINO, Mr. NEAL, Mr. PORTER, Mr. GARCIA, Mr. LANCASTER, Mr. OBERSTAR, Mr. LIPINSKI, Mr. FAWELL, Mr. WILSON, Mr. WELDON, Mr. OWENS of New York, Mr. BENNETT, Mr. DYMALLY, Mr. GORDON, Mr. PANETTA, Mr. INHOFE, Mr. SHAW, Mr. SKEEN, Mr. CALLAHAN, Mr. BATEMAN, Mr. VISCOSKY, Mr. COBLE, Mr. BILIRAKIS, and Mr. BRENNAN.

H.R. 3343: Mr. BARTON of Texas.

H.R. 3344: Mr. TRAXLER and Mr. STANGELAND.

H.J. Res. 43: Mr. McEWEN, Mr. MOLINARI, Mr. VALENTINE, Mr. RAY, Mr. DORNAN of California, Mr. BROWN of California, Mr. LUJAN, Mr. MINETA, Mr. FLORIO, Mr. GONZALEZ, Mr. GREEN, Mr. LaFALCE, Mr. BENNETT, and Mr. HALL of Ohio.

H.J. Res. 61: Mr. BARTLETT.

H.J. Res. 112: Mr. WOLPE, Mr. TORRICELLI, Mr. CARPER, and Mr. KOSTMAYER.

H.J. Res. 148: Mr. MADIGAN.

H.J. Res. 176: Mr. GLICKMAN.

H.J. Res. 219: Mr. MARTINEZ, Mr. FOGLIETTA, Mr. WALGREN, and Mr. FISH.

H.J. Res. 246: Mr. MINETA and Mr. FOGLIETTA.

H.J. Res. 287: Mr. CARPER and Mr. SLATTERY.

H.J. Res. 300: Mr. BEVILL, Mr. HUGHES, Mr. McGRATH, Mr. McMILLAN of Maryland, Mr. NIELSON of Utah, Mr. OWENS of New York, Mr. FIELDS, Mr. GILMAN, Mr. KOSTMAYER, Mr. McHUGH, Mr. MacKAY, Mr. MRAZEK, Mr. WAXMAN, Mr. BERMAN, Mr. BLAZ, Mr. BLILEY, Mr. BONER of Tennessee, Mr. BRENNAN, Mr. BRYANT, Mr. CHANDLER, Mr. COELHO, Mr. CONTE, Mr. CROCKETT, Mr. DANIEL, Mr. DAUB, Mr. DE LUGO, Mr. DIOGUARDI, Mr. FASCELL, Mr. FAUNTROY, Mr. FLIPPO, Mr. FLORIO, Mr. FOGLIETTA, Mr. FOLEY, Mr. FRENZEL, Mr. FUSTER, Mr. GARCIA, Mr. GRAY of Illinois, Mr. GUARINI, and Mr. HALL of Texas.

H.J. Res. 328: Mr. PANETTA, Mr. HUTTO, Mr. SKELTON, and Mr. STAGGERS.

H.J. Res. 332: Mr. BATES, Mr. BUNNING, Mr. CALLAHAN, Mr. DE LA GARZA, Mr. DIOGUARDI, Mr. GARCIA, Mr. GINGRICH, Mr. HAMMERSCHMIDT, Mr. HUTTO, Mr. IRELAND, Ms. KAPTUR, Mr. MCCOLLUM, Mr. McDade, Mr. MACK, Mr. MADIGAN, Mr. NELSON of Florida, Ms. OAKAR, Mr. PEPPER, Mr. SKELTON, Ms. SNOWE, and Mr. YATRON.

H.J. Res. 349: Mr. COLEMAN of Missouri, Mr. VOLKMER, Mr. BONIOR of Michigan, Mr. HORTON, Mr. STRATTON, Mr. BATEMAN, Mrs. JOHNSON of Connecticut, and Mr. MCCLOSKEY.

H.J. Res. 353: Mr. ROE, Mrs. MEYERS of Kansas, Mr. BILBRAY, Mr. MADIGAN, Mr.

SUNIA, Mr. JONES of Tennessee, Mr. WYDEN, Mr. SYNAR, Mr. YATES, Mr. ORTIZ, Mr. TALLON, Mr. PERKINS, Mr. EVANS, Mr. DARDEN, Mr. MINETA, Mr. ESPY, Mr. VANDER JAGT, Mr. OWENS of New York, Mr. GORDON, and Mr. PEPPER.

H. Con. Res. 83: Mr. McEWEN, Mr. BAL-LENGER, Mr. CALLAHAN, Mr. DELAY, and Mr. NICHOLS.

H. Con. Res. 128: Mr. BILIRAKIS.

H. Res. 65: Mr. NIELSON of Utah.

H. Res. 131: Mr. DE LUGO, Mr. FLAKE, Mr. HOWARD, and Mr. BERMAN.

H. Res. 185: Mr. SMITH of New Hampshire, Mr. DELLUMS, Mr. SUNDQUIST, Mr. NOWAK, Mr. HALL of Ohio, Mr. LAGOMARSINO, Mr. BARNARD, Mr. HATCHER, Mr. HORTON, Mr. SYNAR, Mr. MINETA, Mr. MRAZEK, Mr. DANNEMEYER, Mr. PICKLE, Mr. DENNY SMITH, Mr. McEWEN, and Mr. SMITH of New Jersey.

H. Res. 188: Mr. HANSEN and Mr. BLILEY.

H. Res. 189: Mr. WEISS, Mr. LOWRY of Washington, Mr. MOAKLEY, Mr. SAVAGE, and Mr. BRENNAN.

H. Res. 269: Mr. VOLKMER, Mr. WILSON, Mr. DORNAN of California, Mr. BALLENGER, Mr. BERMAN, Mr. McCLOSKEY, Mr. RAVENEL, Mr. HYDE, Mr. HUNTER, Mr. PORTER, Mr. AP-LEGATE, Mr. LIPINSKI, Mr. DONALD E. LUKENS, and Mr. COURTER.

## DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 1572: Mr. ESPY.

H.R. 3204: Mr. PRICE of North Carolina.

## PETITIONS, ETC.

Under clause 1 of rule XXII,

80. The Speaker presented a petition of the Human Relations Commission, Contra Costa County, CA, relative to persons of Japanese ancestry interned during World War II; which was referred to the Committee on the Judiciary. October 1, 1987.

## AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3100

By Mr. BEREUTER:

—Page 123, after line 6, insert the following:  
SEC. 722. NONLETHAL MILITARY ASSISTANCE FOR URUGUAY.

Of the amounts authorized to be appropriated to carry out chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to the grant military assistance program), not less than \$5,000,000 for each of the fiscal years 1988 and 1989 shall be available only for use in providing nonlethal defense articles to Uruguay.